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U.S. Marines were on duty Wednesday as part of the multinational peacekeeping force in Beirut as flag-waving PLO guerrillas passed through a checkpoint en route to an evacuation ship.

## Tunisia Is Proud but Nervous

### PLO Haven Hopes to Impart Moderation to Its Guests

**By Bradley Graham**  
*Washington Post Service*

TUNIS — From a scrubbed white terrace at the beachfront Salwa Hotel, soon to be the working home of a group of Palestinian leaders led by Yasser Arafat, the hotel manager, Youssef Bonagila, pointed to the bazaar off to one side, the two tennis courts, and the boules and camels available for riding.

Then, showing a Tunisian flair for hospitality, Mr. Bonagila said, "I think the PLO are going to like it here."

Proudly, but with a trace of underlying anxiety, Tunisia is awaiting the arrival Thursday of a boatload of 1,100 Palestine Liberation Organization guerrillas and their leaders, as its officials express the hope that this Arab nation's reputation for moderation will rub off on the militant organization.

**Recognition of Israel**

Tunisia's president, Habib Bourguiba, took an initial step to that end Tuesday, issuing a statement saying he planned to ask leaders at next month's Arab summit to accept a formula for the recognition of Israel based on the 1947 United Nations resolution that called for the partition of Palestine into Israeli and Palestinian states.

For Tunisia's 79-year-old president, who has ruled this small country of 6.4 million since its independence from France in 1956, playing host to the PLO is another enhancement to his credentials in the Arab world. The Arab League already is headquartered here.

The nature of the PLO offices here remains unclear. The dispersal of PLO forces to eight Arab states and the detachment of a number of key PLO executive committee members to Damascus, where the organization's 300-member Palestine National Council is expected to meet, leaves the location of the PLO's principal headquarters in doubt.

Government officials here, however, expect Mr. Arafat to make Tunisia a central point in the PLO network after it is dispersed from Beirut, and they see a chance to help the Palestinian leader build a more moderate political platform, encouraging the shift from military to political activity.

**Proposal Revived**

In presenting his proposal for recognition of Israel, Mr. Bourguiba now clearly figures that the general Arab attitude on the question has moderated. He made the same motion in a 1965 speech in Jericho, provoking the wrath of Egyptian President Gamal Abdel Nasser and causing a number of Arab states to sever ties with Tunisia.

A senior government official said privately that the plan is being floated now "to allow the PLO to have a new political basis from which it can talk." He said he did not expect the summit meeting to endorse the proposal.

The Tunisian suggestion goes further than the eight-point program put forward a year ago by Saudi Arabia. That initiative called for the establishment of an independent Palestinian state in Israel-occupied West Bank and Gaza Strip and the right of all nations in the Middle East to live in peace a provision that was interpreted to include Israel.

Mr. Arafat supported the Saudi proposal, but it failed to win endorsement at the summit conference in Fez, Morocco. The specifics of the Bourguiba plan have not been released.

**Specimens of Host Role**

Meanwhile, Tunisians appear somewhat anxious about the specifics of their new role as host to the PLO.

About 150 PLO officers will be housed in the Salwa Hotel, located in the small coastal town of Bordj Cedria, about a 20-minute drive south of Tunis. The main contingent of guerrillas will be housed in a makeshift camp about an hour's drive west of Tunis near the town of Béja, in an area described by one U.S. official as "looking a little like southern Lebanon."

In the beginning, at least, Tunisian authorities will strictly control the flow of the Palestinian guerrillas in and out of the Béja camp. The guerrillas will be asked to surrender their firearms to the Tunisian government before getting off the boat Thursday.

But Tunisian officials say they have an agreement with the PLO that will allow the organization a certain freedom of operation on the understanding that the PLO will not interfere with Tunisian affairs or do anything that might harm the Tunisian national image.

## Warsaw Promises Tough Response To Pro-Solidarity Demonstrations

**By David Storey**  
*Reuters*

WARSAW — Interior Minister Czesław Kiszczak on Wednesday night described underground leaders planning demonstrations against martial law next week as terrorists and said the security forces would meet their challenge.

Gen. Kiszczak, in a tough television statement, said Western states were trying to stir up tension in Poland and said it was hard to believe any Poles would support this.

"Only extreme blindness or treason can explain a readiness to set fire to one's homeland," he said.

Gen. Kiszczak declared that underground leaders who called for demonstrations next Tuesday said they wanted a peaceful protest in favor of national solidarity.

"But why, in that case, are iron bars, sticks, bottles filled with gasoline, metal clubs and other dangerous weapons being prepared?" the general asked. "The organizers are undoubtedly taking into account bloodshed."

**Solidarity Anniversary**

It was the first reference by a senior official to a preparation of weapons for the demonstrations, which are planned in all major cities to mark the anniversary of the anniversary of the Gdansk agreement that led to establishment of the independent trade union Solidarity.

The U.S. administration, he charged, is behind activities that maintain unrest in Poland "in order that not only in Lebanon on El Salvador but also in the heart of Europe there should be bloodshed."

Gen. Kiszczak said those organizing the demonstrations "have nothing in common with a union but lots in common with what in the West is known as terrorism."

He said domestic peace and security were supreme values for the Communist military authorities, adding: "The authorities have enough force to guarantee peace and quiet."

"But the authorities will remain determined to prevent any counter-revolutionary attempt on the Socialist state. Attempts to delay stabilization in the country... can only mean our road will be longer and more difficult," he said.

The underground leaders, who have been in hiding since the military takeover last December and internment of most Solidarity leaders, have claimed in bulletins to have put out a "warning" to the government.

The principal demand is for the release of more than 600 people still interned and amnesty for several thousand sentenced for violating martial law.

**Press Credentials Restored**

The United States lifted restrictions Wednesday on Włodzimierz Łożyski, a Polish newspaper correspondent in Washington, after Poland restored the credentials of John Darnton, The New York Times' correspondent in Warsaw, Reuters reported.

Mr. Darnton said earlier Wednesday that the Polish authorities had restored his credentials but had described the temporary ban as a final warning. They had complained about a story in which he reported that officials at an internment camp beat up a large number of inmates.

**Polish Plane Hijacked**

West German authorities said two armed men hijacked a Polish airliner bound from Budapest to Warsaw on Wednesday night and forced it to land in Munich. The Associated Press reported. Authorities said the two men surrendered and none of the 74 passengers was hurt.

## Begin Predicts Pact With Lebanon

*Compiled by Our Staff From Dispatches*

JERUSALEM — Prime Minister Menachem Begin told visiting U.S. congressmen Wednesday that he expected Israel to sign a peace treaty "in the near future" with Lebanon. But a Syrian military official warned Lebanon's president-elect, Bashir Gemayel, that such a treaty would lead to "a state of war."

The comments were made as a group of 500 PLO guerrillas left Beirut by sea for Syria under the supervision of U.S. Marines after the Palestinians said they feared being attacked along an overland route to Damascus.

Mr. Begin's prediction of a peace treaty was reported by Rep. James H. Scheuer, Democrat of New York, after the congressmen met with the prime minister for 45 minutes.

The Israeli newspaper Ma'ariv reported Tuesday that Mr. Gemayel, the leader of Lebanon's Phalangist Christian militia who is to take office as president on Sept. 23, had indicated to an Israeli official recently that he planned to conclude a peace treaty in six to seven months.

A Syrian military official who refused to be named told The Associated Press in Damascus on Wednesday, "In case Gemayel signs a security or peace pact with Israel, Syria will consider itself in a state of war with him." He did not make it clear whether he meant Lebanon or Mr. Gemayel himself.

Rep. Scheuer also reported that Camp David-mandated Palestinian autonomy talks with Egypt to resume immediately after the PLO evacuation of Beirut, expected to be completed within two weeks. Egypt, however, has said it will not resume the negotiations until Israeli troops leave Lebanon.

In Beirut, the PLO evacuation to Syria by ship took place after Israel announced that the overland evacuation of guerrillas to Syria, called for in the U.S.-mediated agreement for a peaceful evacuation of the Lebanese capital, had been canceled.

Heavy shelling was reported Tuesday along the highway connecting Beirut and Damascus, and Palestine Liberation Organization spokesmen in Beirut said the danger of attacks on guerrilla convoys by Israeli forces or Israeli-backed Christian militia prompted the PLO to ask that the overland stage of the evacuation be canceled.

A spokesman for the U.S. Embassy, which is closely involved in the evacuation arrangements, said the fighters had boarded the Cyprus ferry Sol Georgios and had set sail for Tartous in northern Syria. Palestinian sources said that among those aboard was Hani al-Hassan, the PLO's chief negotiator in the two-month evacuation talks. It was the first reported departure of a leading PLO official since the evacuation began.

Another 500 Palestinian fighters set sail Wednesday for Sudan, but the last-minute departure of the guerrillas for Syria caused scheduled changes for other guerrilla evacuations. The departure of 1,000 guerrillas bound for North Yemen was delayed until Thursday, when a large enough ship could be chartered.

The Syrian military announced in Damascus it would provide trucks to begin an evacuation to Syria on Thursday of Syrian troops and Palestine Liberation Army guerrillas under Syrian command.

By Israeli and French count, nearly 2,700 PLO guerrillas left Beirut by ship for Jordan, Iraq, Tunisia and Southern Yemen in the first four days of the evacuation, which began Saturday. The total number to be evacuated is estimated at 11,500.

The 800 Marines making up the U.S. contingent of the multinational peacekeeping force poured ashore from amphibious vehicles onto a Beirut beach just after dawn Wednesday. Philip C. Habib, the special U.S. envoy, was there to greet them, wearing the Marine Corps emblem on his chest pocket.

The Marines took over control of the capital's port area from the 350 French troops who had been stationed there since Saturday.

The commander of the U.S. forces, Col. James Mead, 47, said sharply to the French commander, "I am relieved," the French officer replied without a trace of irony in his voice.

The French, who will be joined Thursday by about 450 more paratroopers, then took up new stations on both sides of the Museum Crossing of the Green Line that separates mostly Moslem West Beirut from Christian-controlled East Beirut.

About 500 Italian troops are to join the French and U.S. soldiers.

## 6 Countries in EEC Subsidizing Steel, U.S. Inquiry Finds

**By Thomas W. Lippman**  
*Washington Post Service*

WASHINGTON — The Commerce Department, sharply revising figures issued in June, reported Wednesday that six European Economic Community nations, led by Italy, are subsidizing steel products exported to the United States by as much as 26 percent.

After an investigation that occupied 70 staff members for eight months and cost an estimated \$5 million, the department found that the government-owned British Steel Corp. and two major French steelmakers are subsidized much less than previously estimated, but that exports of Italsider, the big Italian steelmaker, are receiving a subsidy of 26 percent rather than 18.3 percent.

The Commerce Department findings were sent to the U.S. International Trade Commission, which is conducting a parallel inquiry into the extent to which hard-pressed American steelmakers are damaged by the subsidized foreign competition.

**Duties Possible**

The trade commission must rule by mid-October. If it finds that U.S. steelmakers have been damaged by the subsidized imports, duties equal to the size of the subsidies will be imposed on the imported products. Meanwhile, importers of the subsidized steel must continue to post bonds guaranteeing payment of the countervailing duties. The trade commission has scheduled hearings on the damage question beginning Sept. 13.

Commerce Secretary Malcolm Baldrige took the occasion of the release of the final subsidy report to criticize the American steel firms obliquely for rejecting a proposed settlement that he negotiated with EEC officials.

The settlement, under which the Europeans would have agreed to limit some exports, "would provide the U.S. industry with greater stability than would be afforded by incessant litigation," he said. "To date, several U.S. producers have indicated a preference to see the cases to conclusion."

**No Accord in View**

The steel dispute has become a major irritant in U.S.-European relations, but sources in the government and the steel industry said no settlement is in sight.

Wednesday's report was essentially a refinement of the preliminary assessment issued in June. The big surprise concerned West Germany, where seven of the eight manufacturers were found to be receiving negligible subsidies of less than 1 percent, and the other a subsidy of only 1.13 percent.

The subsidy rate for British Steel was reduced from an estimated 40.36 percent to 20.33 percent. Steelmakers in Belgium and Luxembourg were found to be subsidized by as much as 21.8 percent. No dutiable subsidy was found on steel from the Netherlands or South Africa.



Malcolm Baldrige

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■ The most popular politician in Wisconsin, William Proxmire, cultivates an image of parsimony and populism that appears to sit very well with voters. But his critics accuse him of demagoguery and hypocrisy. Page 3.

■ Arthur Hummel Jr., the U.S. ambassador to China, has moved with equal ease in the adventurous world of guerrilla warfare and in the measured life of diplomacy. Page 5.

■ Scientists at a nuclear facility near Geneva are ready to launch into a whole new world of physics in a project whose scope and complexity has much in common with space missions. Page 6.

■ Bendix offers to buy all the common stock of Martin Marietta in a bid valued at more than \$1.5 billion. Page 7.

## Reagan Promises He'll Stand Firm On Pipe Sanctions

**By Lou Cannon**  
*Washington Post Service*

LOS ANGELES — President Reagan pledged Wednesday that he will not back down from imposing sanctions against Western firms that send material to the Soviet Union for use on the natural gas pipeline to Western Europe.

"The sanctions will be enforced," said the White House deputy press secretary, Larry M. Speakes, shortly before Mr. Reagan left Los Angeles by helicopter for two weeks of vacation on his ranch near Santa Barbara.

Mr. Speakes said the specific actions that the president will take to enforce these sanctions remain under review and that an announcement will probably be made later in the week. Whatever the specific actions may be, Mr. Speakes' public statement reflected what another administration official said was Mr. Reagan's "clear determination" to stick to the sanctions he imposed last December and extended in June in retaliation for the repression in Poland.

**Two Avenues**

One administration official said the United States is likely to pursue both diplomatic and legal efforts in its attempt to force continued imposition of the sanctions. The official said the diplomatic effort would be directed at France and other European nations to try to convince them that the pipeline is detrimental to their long-term interests.

Further, the official described the president as optimistic that his policy will eventually succeed despite the furor it has caused in Europe and the serious strain it has created in U.S.-European relations.

According to an evaluation recently given the president, Soviet inefficiency and a predicted decrease in European natural gas demand are likely to delay construction of the pipeline even without the sanctions.

The Reagan administration strategy appears to be to keep up the pressure both on U.S. allies and on firms supplying the material in the hope of delaying the pipeline as long as possible if it cannot be blocked completely. Administration officials believe that a show of firmness in the Dresser case will discourage other firms, particularly the British company John Brown, from rushing in to supply pipeline material to the Russians. John Brown is building rotors for the pipeline.

According to one official, U.S. diplomats have quietly suggested to the French that the United States might delay transfer of some unspecified high-technology items to France if Dresser is forced to deliver the compressors to the Russians.

**Parts Shipment Delayed**

Reuters reported from Paris that the loading of a ship carrying French-made parts for the Soviet pipeline had been delayed for the second day and that the French government was trying to play down the dispute with the United States over the delivery of the parts.

The freighter Borodina was to have loaded the first three compressors Wednesday, but port sources at Le Havre said the loading had been delayed until Thursday. No explanation was given. The compressors, part of a consignment of 21, are still in their packing cases in a shed at the docks, the sources said. The Borodina is now to leave Thursday for Riga, the capital of Soviet Latvia.

French officials were at pains to play down differences with the United States over the project. A presidential spokesman, Jacques Attali, said the weekly Cabinet meeting had not discussed the issue, and he added: "Possibly, the crisis of which you speak is not as grave as you think it is."

Jean-Pierre Chevènement, minister of industry, said, "A compromise is always possible, but I am not aware of any compromise at

## Alaskan Pipeline: Five Years With No Disasters



Because of conservationists' protests, the Alaska pipeline is raised to provide big-game crossings.

**By Jay Mathews**  
*Washington Post Service*

FAIRBANKS, Alaska — A decade ago they said it would destroy America's last virgin wilderness.

The trans-Alaska pipeline would slash an 800-mile (1,280-kilometer) wound from the caribou habitats of the Arctic to the salmon-rich waters of Prince William Sound.

Its construction crews would destroy irreplaceable fishing streams, its hot petroleum would melt the fragile permafrost and its leaky tankers would turn the waters around the southern Alaskan port of Valdez into one huge oil slick.

U.S. conservation groups united in one of the great environmental battles of the 1970s to try to stop the pipeline in Congress and in the courts.

They lost, and the most expensive privately financed construction project in history was completed five years ago.

The pipeline has since pumped 2.4 billion barrels of oil out of the Arctic, filled 3,000 tankers at Valdez and now brings the United States 17 percent of its oil.

The pipeline has revolutionized much of life in Alaska, flooding the state treasury with money, adding thousands of jobs and giving people unprecedented access to their northern wilderness.

**No Major Disasters**

But none of the major environmental disasters predicted has come to pass.

In fact, because of the widespread concern about the pipeline's potential problems and because of some of the most advanced engineering work of the day, the Trans-Alaska Pipeline System has been turned into a technological wonder of environmental protection, boasting a series of sophisticated leak-detection and spill-prevention devices uncalled for in the world.

In 1981, the Alyeska Pipeline Service Co. loaded 735 tankers with more than 22.97 billion gallons of oil.

But only eight gallons, less than even one barrel, spilled into the water, according to Alyeska marine superintendent and former Coast Guard commander James K. Woodie.

Although John F. Ratterman, public affairs manager for Alyeska, said the pipeline was built to protect the environment, he credited environmentalists with promoting an acceptance of the need for the protection of wildlife for its sake alone — quite aside from any engineering considerations.

This led to raising the pipeline 10 feet (3 meters) in the air at some points for big game crossings and to the company taking great care that construction would not disturb the habitat of mountain sheep.

Initially, the pipeline was to be buried underground for more than 90 percent of its length but environmentalists argued that heat generated by the 90 to 145-degree oil would melt the permafrost and cause widespread damage to wildlife and vegetation.

Today, only about half of the line is buried (some of that refrigerated to protect the permafrost), incidentally making leaks easier to identify and repair.

If anything is likely seriously to harm the environment, conservationists and government officials say, it is not the gleaming steel 48-inch pipe but the haul road, called the Dalton highway, which was built to construct and service it.

The state has made a controversial decision to allow public use of

to a point 211 miles north at Disaster Creek.

During summer months when it is open to the public, some independent miners searching for gold have been able to truck their bulldozers to hitherto unreachable streambeds and scoop out soil and gravel.

**Hunting Returned**

Bears used to approach the pipeline, where hunting was prohibited and pipeline workers often left food behind. Now hunting with permits has returned and few bears are seen in the area.

State officials in charge of conserving wildlife also worry about the future spread of the oil fields at Prudhoe Bay, which they say have already forced the central Arctic caribou herd to give up some favorite calving spots.

Some naturalists had predicted the project would force the caribou to abandon the area.

But Ray Cameron, a game biologist with the U.S. Fish and Wildlife Service here, said, "As far as we can tell, that sort of thing has not come to pass."

Oil spills on land have been more serious than those at sea, but still far less than critics predicted.

Shifting, melting ground near the Atigun Pass opened a crack in an underground section of the



# Lebanon Crisis Illustrates UN's 'Monumental Irrelevance'

By Bernard D. Nossiter

New York Times Service

UNITED NATIONS, N.Y. — Last Thursday, almost at the moment that the agreement on West Beirut was being accepted in Jerusalem, delegates to what was billed as an emergency session of the General Assembly here were voting to hold a \$5.7-million, 12-day conference in Paris next August to talk about the Palestinian question.

This episode illustrates what one Western diplomat called the "monumental irrelevance" of the United Nations in the crisis over Lebanon. There is a pervasive sense of frustration in corridors and offices here. The Assembly's vote on holding the conference followed more than two months of ineffective efforts by the Security Council, the most powerful body in the world organization, to deal with the problem of Lebanon.

The UN Charter proclaims that the Council "shall determine the existence of any threat to the peace and shall decide what measures shall be taken."

Since June 5, on the eve of the Israeli invasion of Lebanon, the Council has formally and repeatedly recognized the threat to peace, but it has been thwarted

every time it tried to do something about it. The 15 members have adopted no fewer than nine resolutions demanding, urging and calling for an end to the fighting, the withdrawal of Israeli troops, the lifting of the

## NEWS ANALYSIS

blockade of Beirut and the deployment of UN officers between the forces of Israel and the Palestine Liberation Organization.

Most of these resolutions were adopted unanimously. For a brief instant on Aug. 1, when the Council agreed to station UN personnel to monitor the occasional cease-fires that were arranged in Beirut, it appeared that the world organization might make a practical contribution to the peacemaking. But, as many other nations have done, ignored the Council's commands.

At one point, Olara Otunnu of Uganda, one of the Council's most respected members, said in public what others say in private: that the Security Council's power "is now more limited than ever."

Many Third World and Soviet-bloc diplomats have a simple explanation for this situation: The United

States, Israel's shield, blocks the Council from imposing sanctions or punishment. Indeed, the Council all but gave up on Aug. 6, when the United States vetoed a Soviet resolution to embargo arms shipments for Israel.

Thoughtful diplomats in all camps, however, recognize that the events here reflect the essential fact of UN life, that sovereignty does not lie with the organization but with its 157 members. Each has a monopoly over the legitimate use of force against its own citizens or those of other nations. The United Nations can establish token peacekeeping forces, but only with the consent of sovereign combatants.

In April, Argentina ignored a Council command to remove its invading troops from the Falkland Islands. They were forced off by another sovereign, Britain. Iran and Iraq have paid no attention to Council requests to stop fighting and negotiate their differences. Some issues affecting peace never reach the Council because its members know that a veto will block even the issuance of a text. So the Council does not concern itself with the Soviet intervention in Afghanistan or Vietnam's occupation of Cambodia because Moscow's veto will block any resolution.

The lightly armed UN peacekeeping troops with their blue helmets are not a military force but a symbolic presence. Israeli armor easily rolled through the 7,000 UN troops in southern Lebanon on June 6.

## Lost Opportunity

French and Egyptian diplomats here believe that in the deliberations over Lebanon, a great political opportunity has been lost, or at least postponed. Paris and Cairo have been suggesting resolutions designed to nudge the United States toward a recognition of the right of Palestinian Arabs to "self-determination," a hint of an eventual Palestinian state.

But the French-Egyptian plan has not yet been brought to the Security Council for fear of a U.S. veto. Egypt's attempt to take it to the General Assembly was frustrated by PLO insistence on far more sweeping language that would raise a question of Israel's right to exist.

All this has left one Western diplomat comparing the United Nations and its orders to Shakespeare's Owen Glendower, who boasted that he could "call spirits from the vasty deep."

Kotspur, who understood the limits of sovereignty, replied, "Why, so can I. But will they come?"

## Pilot Denies Israel Intended To Bomb Civilians in Beirut

By James Feron

New York Times Service

JERUSALEM — An Israeli pilot who took part in the bombing of Beirut says that every precaution was taken to avoid civilian casualties.

The pilot, a 34-year-old major who wished to remain anonymous, said Tuesday that charges of "indiscriminate bombing" prompted him to seek out, through a mutual friend, a foreign reporter so that he could present his views on the bombing of the Lebanese capital.

"You see them as civilian targets," he said. "And it's not fair to ask only about their civilians."

## U.S. Planning War Exercise Around Oman

By George C. Wilson

Washington Post Service

WASHINGTON — The United States is planning an elaborate air, land and sea military exercise in and around the strategic Gulf country of Oman this fall to reassure oil-producing Gulf countries that U.S. forces could hurry to their assistance in an emergency, administration officials have said.

The exercise also would serve notice to Iran that it would risk a sharp U.S. response if it threatened moderate Arab nations who are friendly to America with military force or subversion, diplomatic sources said.

A Pentagon official said the Reagan administration, mapping its policy for the Gulf area after the Palestine Liberation Organization withdrawal from Lebanon, is especially concerned about reassuring Saudi Arabia.

The British-educated sultan of Oman, Qaboos bin Said, has insisted on a low-profile U.S. military presence in his country in the past, diplomatic sources said, but he now seems willing to allow practice landings by U.S. Marines on his shore.

If all goes well with the delicate negotiations under way, officials said Tuesday, the high-profile military exercise would take place in October. There are also indications that the United States will help the sultan modernize his army, navy and air force.

Oman has particular strategic importance to the United States and other oil-importing nations because it is located on the Strait of Hormuz, the Gulf gateway through which oil tankers must pass to reach the open waters of the Arabian Sea.

As a result of the Reagan administration's review of its Gulf policy, the Pentagon has put top priority on finding ways to protect such friendly Arab governments from being toppled by radicals. Direct military assaults against Gulf oilfields are regarded only as a secondary threat.



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Most of our soldiers are civilians," or reservists, which he said he was. "I feel everyone, including some in Israel, are blaming us about being cruel or inhuman, but how about the quality of the PLO and their inhumanity?" he asked, referring to the Palestine Liberation Organization. "I'd prefer they sat in the Bekaa Valley and that we bombed them there, but they concentrated in Beirut."

Watched on TV  
In the evenings at his home in Tel Aviv, after returning from his missions, he said, "we would watch the bombing on television with our two children and we would have feelings about it." But the feelings were mixed, he said.

"I'm not happy to see any civilian injuries, and we always thought about the alternative," he said. "If it was the other way around, thousands of Israelis would be killed, and the reaction would be stronger."

He said the pilots were briefed for at least half an hour before each mission and that the targets were assigned to them by headquarters.

"Nobody was able to pick anything according to his mood," he insisted. The targets, he said, had been selected precisely, through aerial photography or intelligence or both. Afterward, the results of the bombings were assessed.

"There were mistakes, maybe one or two, but that's all, and the commander would talk to the pilots," he said.

Aerial Photograph  
The planes dove at speeds of about 400 mph, he said, and the targets had to be found "by eye. We had to see it." Bombs were released one at a time and the pilots hit their intended targets, he insisted.

The major showed an aerial photograph. "This building here is the Japanese Embassy and this one

is the Chilean Embassy," he said, indicating a site just off a highway along the Lebanese coast. "And this" — he indicated an object between the two buildings — "is a 133mm gun, which as you know fires 25 to 27 kilometers" or 16 miles.

He said the artillery piece was about 200 feet (60 meters) from either building and that the Israeli F-4 Phantom, a U.S.-made aircraft he had also flown in the war in 1973, was accurate within 60 feet. That was a relatively easy target, he said, but "others were located where it made it more difficult."

Asked whether there was any question that civilians, women and children, had died in the air raids along with the guerrillas who had been the Israeli targets, his reply was indirect.

"I have a personal problem. No one likes to bomb civilians, and we aimed at no civilian targets. We went where the PLO took their guns, and they sat behind the civilians' backs."

"Controlled Situation"  
He said he landed twice with his full load of 250-pound and 500-pound bombs "because the target had been moved."

He said: "This was a controlled situation, we knew what we were after, and we did not do area bombing but rather precision dive-bombing."

"I don't like to bomb civilian targets, but if you put a T-34 tank in a civilian parking area, and you bomb it to prevent injuries" to the Israeli Army, "then it's their problem. If you can find a better way, then I'll take it. I don't think the air force could have done it better."

He went on, "If you want to achieve peace, you should fight. Look at the American-Japanese War. In order to achieve an end, they bombed Hiroshima and Nagasaki."

Told that the bombing of the Japanese cities was not universally



U.S. Marines landed Wednesday in Beirut and took up positions around the commercial section.

acclaimed in the United States, the major spoke of a conversation he said he had had with an American pilot.

"In Vietnam, he said pilots did the bombing without believing because they felt the politicians had decided to lose the war. I don't

want to be in such a struggle that I don't believe in it."

"You point a finger sometimes, but you should remember that when one finger is out, three are pointing back at you."

He argued that the accusations of random or indiscriminate

bombing were "completely untrue."

"You can't wait until the sword is at your throat to act. If you take the first step sometimes it saves lives from both sides. I think we saved lives in Beirut. I don't think we bombed in vain."

## Palestinians, Back in Jordan, Say Struggle Will Continue

By Marvin Howe

New York Times Service

AMMAN, Jordan — Lt. Nasser Shawar returned from the battle of Beirut with "a feeling of victory" and believes that the struggle for Palestinian rights will continue on both the political and the military levels.

"Our fight in Beirut was confronting the United States military machine and all its sophisticated weapons," Lt. Shawar, an officer in the Palestine Liberation Army

battalion that returned here Sunday, said Tuesday.

The 265 Palestinians, who were the first to be withdrawn from Beirut, received a warm personal welcome by King Hussein and have now begun 20 days' leave to be with friends and family. They had gone to Lebanon after the June 6 Israeli invasion in response to an appeal by Yasser Arafat, the Palestine Liberation Organization leader.

There were no mass demonstra-

tions for the returning Palestinians, apparently because the authorities were afraid that mass movements might get out of hand. More than 60 percent of Jordan's 2.5 million people are Palestinians.

Private Gatherings  
Nevertheless, in neighborhoods around the capital private celebrations are being held for the guerrillas, who are considered national heroes.

In Jabal al Nasser, a Palestinian district, about 150 friends, relatives, officers and local dignitaries gathered to celebrate Lt. Shawar's homecoming. There were soft drinks and *manfeh* — a special dish of rice, almonds, lamb and yogurt — and joyous greetings.

Among the guests was Fahad Kawameh, the former mayor of Hebron in the West Bank who was ousted by the Israeli authorities in May, 1980. "The battle of Beirut will enter history as a political and military victory for the Palestinians," Mr. Kawameh said, reflecting the general optimistic mood of Palestinians here.

Across town there was another Palestinian gathering, just as hopeful but more sober, in honor of one of the soldiers who did not return. He was Faisal Shweiki, a 19-year-old mechanic.

## 'We Are Proud'

"Faisal was the same as all Palestinians — brave, a hero and ready to be a martyr," his father, Saleh Masbakh Shweiki, told visitors. "As Palestinians we are taught not to be sorry about martyrs. All our lives we have had wars and have gone through this over and over again to fight for Palestine, and we are proud of our children who are martyrs for the sake of our country."

Downstairs in the women's quarters, the dead man's mother, Zahira Abdullah Shweiki, wearing a blue scarf and dark dress, sat cross-legged on the floor with her

four daughters and other female relatives and friends around her.

"My son went to Lebanon to defend our honor and our land," she said with a strong voice but with eyes full of pain. "We all hope to die as martyrs."

Then suddenly the bereaved woman began to sway and sing a favorite Palestinian hymn: "The mother of a martyr should sing with joy."

Ex-Commander's View  
"If Beirut had been a Palestinian city, we would have remained there and made it a cemetery," Brig. Abdul Razaq Yahia, a former commander of the PLO army and now chief of the PLO's political department for Syria and Jordan, said in an interview. He asserted that the guerrilla organization decided to pull out of Beirut mainly because of "humanitarian considerations."

Brig. Yahia pointed out that the military targets in West Beirut were known, and he accused Israel of having deliberately bombed Lebanese civilian positions "to make problems between the Lebanese and the Palestinians."

"Why else would they bomb a

mental hospital with a red cross on it?" he asked.

The PLO leadership has emerged from the siege of Beirut with new strength, he said, and "not one unit collapsed."

Reasoning Given  
He listed other reasons for claiming a PLO victory in Lebanon. The PLO was shown to be the true representative of the Palestinian people, he said, and the Palestinians demonstrated that they were not afraid of the invaders. At the same time, he said, the war showed the world the "brutality" of the Israelis.

He acknowledged that the withdrawal from Beirut would open a "more complicated and difficult" phase for the guerrilla organization, but he insisted that it would be able to "adapt to the new conditions."

"The armed struggle has to continue but the main thrust will be diplomatic," said Hanna Nasser, a member of the PLO executive committee. "The Israelis wanted to destroy the PLO, but they have learned they can't wipe it out because it's not just an organization, it's a people."

## Big Modern Art Collection Is Left to Museum in N.Y.

New York Times Service

NEW YORK — A major private art collection consisting of 450 works, including paintings by Picasso, Braque, Munch and Matisse, has been left to the Metropolitan Museum of Art.

The collection of works from the late 19th century and early 20th century belonged to Scofield Thayer, who died July 9 at the age of 92. Mr. Thayer assembled his collection between 1919 and 1924 while editor in chief of *The Dial*, a New York literary magazine.

The *Dial* Collection, so-called because Mr. Thayer acquired some of the works for reproduction in his magazine, is notable not only because of its size but also because of its unusual quality. It was once valued at \$10 million, but is generally thought to be worth much more.

Among recognized masterworks in the collection are Picasso's 1901 Blue Period "Mother and Child Near a Fountain," Pierre Bonnard's 1914 interior "The Dressing Room," Chagall's 1917 expressionistic cityscape "The Marketplace," and Braque's 1924 "Standing Figure," one of a series of monumental female nudes by the artist.

James Welu, chief curator of the Worcester Art Museum in Massachusetts, which has held the collection on long-term loan since 1931, said: "It is certainly one of the important collections in modernism because it includes such fine works by major figures. It is a collection which any museum would be happy to get."

William Lieberman, curator of 20th-century art at the Metropolitan Museum, emphasized the importance of the drawings, lithographs and watercolors, which form the bulk of the collection. He also cited Mr. Thayer's interest in Edward Munch and in the Austrians Gustav Klimt (five drawings) and Egon Schiele (23 drawings and watercolors).

## WORLD BRIEFS

### Vietnam Asks China for Cease-Fire

BANGKOK — Vietnam has proposed to China a six-week cease-fire along their tense common border starting on Friday, in order that both can celebrate peacefully their national days on Sept. 2 and Oct. 1, Radio Hanoi said Wednesday.

The radio, monitored in Bangkok, said the proposal had been sent to the Peking government and was designed to ease tension and create better relations between the two countries.

China and Vietnam fought a brief war in early 1979 and since then have clashed sporadically along their borders. Vietnam last week renewed a call to China for contacts to be arranged in preparation for a resumption of peace negotiations.

### 4 Acquitted in Zambia Treason Trial

LUSAKA, Zambia — The Zambian High Court acquitted Wednesday four of 12 defendants in a long-running treason trial which followed an alleged plot to topple President Kenneth Kaunda's Socialist government in 1980, but said seven others have a case to answer.

Judge Dennis Chirwa ruled that the state had failed to make a case against the four. Lusaka lawyer Mundia Sikatana, Air Force Maj. Macpherson Mbulu, Army Col. Patrick Mbandawire and former Army Brig. Gen. Godfrey Miyanda.

He said seven of the remaining eight accused, who include former central bank governor Valentine Musakanya and prominent lawyer Edward Shamwana, had a case to answer and an eighth must answer a lesser charge. After the trial began last November all defendants pleaded not guilty to the treason charge, which carries a mandatory death sentence on conviction.

### Millions Lost in Australia Tax Fraud

CANBERRA, Australia — Attorney-General Peter Durack and Treasurer John Howard refused Wednesday to accept opposition calls for their resignation after an official report said hundreds of millions of dollars in taxes had been lost through incompetence and deception by public servants.

Royal Commissioner Frank Costigan said Tuesday his investigation into tax evasion by members of the Federated Ship Painters and Dockers, a waterside trade union, had uncovered a major fraud between 1973 and 1980 that involved thousands of companies avoiding taxes by asset-stripping schemes.

### Israel Ratifies Sabbath Ban on El Al

TEL AVIV — The Finance Committee of the Knesset ratified by 11 votes to 10 Wednesday a government decision to close El Al Israel Airlines on the Sabbath and other Jewish religious holidays.

Prime Minister Menachem Begin agreed to the shutdown under intense pressure from two small religious groups within his coalition. The issue had been depicted by many among Israel's secular majority as a test case to see how far Mr. Begin would go to retain their support.

The airline employees, backed by the Histadrut trade union confederation, have threatened to fight the move, expected to result in the loss of several hundred jobs, and have urged that the ban be ignored. The airline stands to lose \$40 million a year because of the shutdown.

### U.S. Legislator Pleads Guilty, Quits

NEW YORK — Rep. Frederick W. Richmond, Democrat of New York, pleaded guilty Wednesday to income tax evasion and possession of marijuana. He resigned his seat and agreed not to seek re-election.

The four-term Brooklyn congressman entered his pleas before Judge Charles P. Sifton in the U.S. District Court in Brooklyn. For more than four years Mr. Richmond has been the subject of controversy and scandal, beginning in 1978 when he allegedly propositioned two men on different occasions for sex.

Later, he was accused of drawing an illegal \$100,000-a-year salary in the guise of a pension from Walco National Corp., the timber and tool company that he founded. In April, unidentified sources were quoted in news reports as saying former aides of Mr. Richmond had testified to a grand jury about buying cocaine and marijuana for him.

### Governor Wins Oklahoma Primary

CHICAGO — Gov. George Nigh of Oklahoma easily defeated Howard Bell, a storm-window manufacturer, for the Democratic nomination in his bid for a second term.

Tom Fink, a former House speaker, upset Lt. Gov. Terry Miller in the Republican gubernatorial primary in Alaska. Steve Cowper, a former legislator, fell behind Bill Sheffield, a hotel-chain owner, in a tight battle on Tuesday for the Alaskan Democratic gubernatorial nomination.

Tom Daxon, an auditor and inspector, defeated state Rep. Neal McCaleb of Edmond for the right to carry the Republican banner in Oklahoma's governor's race in November.

### U.S. City Retains Ban on Russians

GLEN COVE, N.Y. — The City Council has voted to continue to bar Soviet diplomats from using Glen Cove's recreational facilities until Congress approves reimbursement to the city for the tax-exempt status of the Soviet residence here.

A Soviet Embassy spokesman in Washington, Vladimir Mikoyan, said: "It's unfortunate. It's discriminatory. It doesn't solve any problems. It only brings unnecessary irritants between our two countries."

The 5-1 vote on Tuesday reaffirms a vote last May to deny the Russians the use of the city's recreational areas because, according to the council, they were using their 49-room mansion to spy on Long Island's military-related industries.

Mayor Alan M. Parente said later that the Soviet estate should not be accorded tax-exempt status because it was being used for espionage and that Congress should approve legislation to reimburse the city for lost property tax revenues it estimates at about \$100,000 a year.

Compiled From Agency Dispatches

## U.S. Clampdown Aims At Overseas Taxpayers

By Robert Siner

International Herald Tribune

WASHINGTON — The tax bill passed by Congress last Thursday contains several sections aimed at improving compliance by Americans with U.S. income tax laws abroad with U.S. income tax laws.

One provision of the bill gives the Internal Revenue Service new powers to demand books, documents and other information from overseas taxpayers.

The bill extends the use of administrative summonses, which require those receiving them to appear and produce required documents and records, to Americans abroad and to individuals and corporations not living in the United States to the U.S. District Court of the District of Columbia. The IRS can issue an administrative summons in the United States without court involvement.

Tax lawyers said the language in the bill is, in effect, an order to the IRS to start sending summonses abroad, despite the problems that might arise.

The lawyers noted that even though service of these summonses is illegal in many foreign countries, Americans being summoned could be listed in the Customs Service computers and met at airports when entering the United States.

"Formal Document Request"  
The bill also defines a new instrument, "a formal document request," through which the IRS can order a U.S. taxpayer or third person (a lawyer, accountant or employee), whether a U.S. citizen or foreign national, to produce documents and records within 90 days, though this period can be extended.

Documents not produced within the required period cannot be used by taxpayers in their defense in later proceedings, unless they can prove that the failure was due to

## Head of CIA Calls For the Repeal of Information Act

United Press International

CHICAGO — CIA Director William J. Casey has said the Freedom of Information Act should be rescinded because it gives foreign intelligence agents the "legal license to poke into our files."

"I question very seriously whether a secret intelligence agency and the Freedom of Information Act can coexist for very long," he said Tuesday at the 64th annual national convention of the American Legion.

Mr. Casey said the ease with which the Soviet Union can gain information has allowed them to bypass research and immediately produce deadly weapons that threaten the United States.

He said, "The willingness of foreign intelligence services to share information and rely on us full and of individuals to risk lives and reputations to help will continue to drive us unless we get rid of the Freedom of Information Act."

مكتبة من الكتب



## News on Economy Appears To Revive Reagan Optimism

By Lou Cannon

LOS ANGELES — In his televised address to the nation Aug. 16, President Reagan said a "sound and lasting economic recovery" could only be achieved slowly without any "sudden boom or upsurge."

Now, buoyed by a week of cheering economic news and the familiar surroundings of California, Mr. Reagan's natural optimism appears to be reasserting itself. While no one is saying so directly, it is clear that Mr. Reagan and his principal spokesmen now believe the long-predicted recovery is at hand and will last until Election Day and beyond.

Last week, after passage of the administration's \$98.3-billion tax bill, the White House chief of staff, James A. Baker 3d, predicted a long-term drop in interest rates. On Tuesday, the White House deputy press secretary, Larry M. Speakes, termed the interest rate decline "remarkable," and said it would lead to a reduction in home mortgage rates and a continued reduction of the rate of inflation.

Citing the consumer price index figures released Tuesday, Mr. Speakes said, "We're hopeful and somewhat optimistic that the CPI will remain in single digits for the next several months."

Bullish to Private

According to some who have discussed the economy recently with Mr. Reagan, the president is even more bullish in private than his spokesmen are in public. "The president was an optimist when everything looked bad to the rest of them," an administration source said. "Now he really be-

lieves that the recovery is at hand."

Some of that optimism was apparent Monday at a \$1,000-a-person fund-raiser for Mayor Pete Wilson of San Diego, the Republican nominee for the U.S. Senate. Dressed in Western garb and speaking from a 20th Century-Fox sound stage, Mr. Reagan gave a glowing account of what he considers the central achievements of his administration: lowering the inflation rate, reducing income taxes and building up U.S. military capability.

To the surprise of some in the audience, at a time when unemployment is above 9 percent, Mr. Reagan even quoted himself approvingly as saying during the 1980 campaign that, "Recession is when your neighbor lost his job, a depression when you lose yours and recovery was when Jimmy Carter loses his."

"The Incumbent" in retelling the story on one of the few occasions he has mentioned this line since the campaign, Mr. Reagan did not identify Mr. Carter by name, referring to him only as "the incumbent."

While Mr. Reagan is clearly in a good mood these days, his speech was a disappointment to some key backers of Mr. Wilson, who faces a difficult Senate race against Gov. Edmund G. Brown Jr.

The president rarely mentioned Mr. Wilson, and at one point seemed to have forgotten that he is running for the Senate instead of for governor.

After saying his administration's New Federalism proposals would return government to the levels "closest to the people," Mr. Reagan added, "Now, who would you like to have in California help-

ing administer that switch back to that kind of federalism? Someone who's first great battle of history-making proportions was against the Medford or someone who has served in the state legislature for years, someone who has served as mayor of one of our major cities for years... and knows what the federal government should do?"

Informed administration sources said the president had discarded a draft speech that extolled the San Diego mayor, who last week opposed Mr. Reagan's tax bill while Gov. Brown supported it.

Hypocrisy Avoided

Mr. Wilson's opposition reportedly irked the president, who remembers that in 1976 Mr. Wilson campaigned for President Gerald R. Ford against Mr. Reagan in the crucial New Hampshire primary. "He didn't want to be hypocritical and praise Pete to the skies, so he threw the draft away and just winged it," an official said.

Whatever the speech may have lacked, Mr. Reagan succeeded in his attempt to avoid hypocrisy. His appeal for Mr. Wilson was based on the two reasons the White House supports the San Diego mayor: a desire to keep the Senate in Republican hands and personal distaste for Mr. Brown, who succeeded Mr. Reagan as governor in 1975.

In addition to his reservations about Mr. Wilson, the speech suffered from Mr. Reagan's unconvincing desire to spend as much of his time as possible at his mountaintop ranch northwest of Santa Barbara.

The president was scheduled to return to the ranch Wednesday and remain there, without politicking, until Sept. 7.



ASTRONAUT IN TRAINING — Sally Ride, who is scheduled to become the first American woman in space when the seventh mission of the U.S. space shuttle takes place next April, practices techniques of fighting fires at the Kennedy Space Center in Florida.

## U.S. General Asserts Military Aid For Guatemala Should Be Priority

By Alan Riding

New York Times Service

PANAMA CITY — The commander of U.S. military forces in Latin America believes it is imperative for the United States to resume military assistance to Guatemala to help combat a threat from leftist guerrillas.

Gen. Wallace H. Nutting, who is head of the 10,000-man U.S. Southern Command based in Panama, said in a recent interview that the United States should play "essentially the same role" in Guatemala as it is playing in El Salva-

dor, where equipment and training are being provided for the local armed forces.

He also argued that the situation in Guatemala was potentially more serious than that in El Salvador.

"The population is larger, the economy is stronger, the geographical position is more critically located in a strategic sense," he said.

"The implications of a Marxist takeover in Guatemala are a lot more serious than in El Salvador."

Guatemala renounced U.S. military aid in 1977 to protest a critical human rights report prepared by

the Carter administration. Subsequent Guatemalan requests for a resumption of military assistance were then blocked by members of Congress concerned about continuing rights violations.

Since a coup brought Gen. José Efraín Ríos Montt to power in March, however, the Reagan administration has been urging key congressmen to lift their objections to helping the Guatemalan Army.

The efforts have been largely unsuccessful, and congressional aides who visited Guatemala recently concluded that the rural population remained largely repressed because of the regime's counterinsurgency campaign.

Referring indirectly to concerns about human rights violations in Guatemala, Gen. Nutting said that "there must be an acceptable political situation" before U.S. military aid can resume. He added: "I think that it's unfortunate up to this point that those responsible for making that judgment have felt that kind of political situation did not exist."

The general, who has traveled extensively in Latin America, insisted that El Salvador was part of a broader regional problem of which Guatemala is "a more serious part that we have not yet faced."

"I believe that no single government in Central America is capable of sustaining itself against the present assault," he said. "They've got to have outside support because outside support is being funneled to the opposition, and they cannot cope with the problem alone. It's not a problem for each individual country to face."

In a wide-ranging conversation, Gen. Nutting repeatedly returned to the theme that events in Central America should be seen in the context of the projection of the Soviet Union's global power. He also raised the prospect that without U.S. military help, the military strength of Cuba and Nicaragua could result in the "Finlandization" of the isthmus.

Gen. Nutting stressed that U.S. military aid was only part of a solution that included political, economic, social and psychological components.

## New U.S. Rules On PCB Use Are Criticized

By Philip Shabecoff

New York Times Service

WASHINGTON — The Environmental Protection Agency has announced final regulations for the use of polychlorinated biphenyls, or PCBs, that would permit continued use of the hazardous chemical in some electrical equipment.

Agency officials said Tuesday the rules were aimed at removing the greatest risks from the continued existence of PCBs in electrical equipment, particularly in the vicinity of food and animal feed supplies.

But environmentalists charged that the rules failed to provide the control of PCBs required by the Toxic Substances Control Act to remove their threat to public health.

Used primarily to cool and insulate electrical equipment such as transformers, capacitors and electromagnets, PCBs have been found to cause cancer in laboratory animals.

Recent evidence suggests they may also cause reproductive and neurological problems. Millions of gallons of the chemical are still in use and large quantities have been found in surface water in the United States.

The new regulations prohibit the use of PCBs in transformers or electromagnets that pose a risk of exposing foods or feeds to the chemical after Oct. 1, 1985.

The use of all other transformers and electromagnets containing PCBs is authorized for their "remaining useful life."

For transformers near food supplies, weekly inspections for leaks are required until they are phased out.

The use of large capacitors containing PCBs that are located in electrical substations or other "restricted access areas" is permitted for the rest of their useful life.

Ellen K. Silbergeld, chief toxics scientist for the Environmental Defense Fund, said, "Clearly the rules were drawn up to meet the wishes of the electrical industry and at the expense of public



Sen. William Proxmire

For the first six months of his Senate career, he was a model freshman — diligent, helpful and seen but not heard. His patience soon was exhausted, however. He introduced amendments without consulting his party leadership, he filibustered and, most heretofore, he criticized the leadership of Lyndon B. Johnson, who was then the majority leader.

Sen. Proxmire's bête noire is government spending on almost anything but dairy price supports. He consistently receives the highest rating in the Senate from the National Taxpayers Union.

In the past four years, he has returned \$910,612 to the Treasury from his payroll and office allowances, 24 percent of the total, because he hires fewer staff members and spends less than he is permitted. On the road, he eats at McDonald's.

Charges of Hypocrisy This showy thriftiness and his sometimes moralizing tone invite charges of hypocrisy. Outside Wisconsin, he is criticized for lavishing money on the dairy industry.

When he lost a libel suit filed by a disgruntled scientist who had received a "Golden Fleece" award, Sen. Proxmire let the Senate pick up the \$125,000 tab for legal fees. Stung by criticism for that, he has donated book royalties and fees for radio and television shows to the Treasury to help repay the sum.

Some observers say he was shaken by the 1980 election, in

which Sen. Gaylord Nelson, a fellow Wisconsin Democrat, was defeated. Since then, Sen. Proxmire has shifted his stand on the balanced budget amendment (he was against it) and has become more supportive of military spending. The Milwaukee Journal reported that he was "trying to out-Reagan President Reagan."

In Wisconsin, he is a legend who has changed the way politicians must campaign. He was the first Democrat in many years to win statewide office. Now Wisconsin is primarily Democratic. Once he cut a lonely figure out by the flower shed at the state fair, but now it is almost expected that ambitious politicians will press flesh there.

After nine hours of handshaking, stopping only once for a 20-minute lunch, Sen. Proxmire's right hand was red and creased and wrinkled.

"Well, that's all for today," he said brightly, and with one last "howdy" to a constituent, he disappeared toward the exit of the state fair and a dinner at McDonald's.

House correspondent for the New York Herald Tribune.

The source for the account of Justice Vinson's legal advice is not mentioned in Mr. Donovan's book. The author said Monday that the incident was described to him by "a very high Truman administration official close to the president, who gave it to me with the understanding I would not name him as the source."

The book says John W. Snyder, Truman's secretary of the Treasury, was present at one meeting where the chief justice's private legal advice was discussed. Contacted Monday, Mr. Snyder would neither confirm nor deny Mr. Donovan's account.

Airline Choosing Landing Rights for New U.S. Flights

WASHINGTON — The Federal Aviation Administration has begun to hand out landing rights to increase the number of commercial flights within the United States.

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Each airline has five minutes to select a landing time and slot at one of the nation's 21 major airports. The airline can determine from which city the flights originate.

The FAA plans to add 1,300 flights for the period Oct. 31-Dec. 14, bringing airlines up to 90 percent of their flight capacity for the first time since air traffic controllers went on strike more than a year ago. Officials said they expect to reach 100 percent of flight capacity

## Populist at Home and Maverick in Congress, Proxmire Keeps On Running, and Winning

By Nicholas D. Kristof

Washington Post Service

MILWAUKEE — In the morning, the Band-Aids wrapped around his fingers are fresh and his hand still has some vitality. Then he moves into position outside the flower shed at the Wisconsin State Fair and begins a day of handshaking, pressing new flesh every three seconds.

Meet Edward Proxmire, the maverick Democratic senior senator from Wisconsin who gives "Golden Fleece" awards and washes his underwear in an office sink, running for his fifth six-year term.

Edward Proxmire? That's right, although he's better known as William, or Bill. When Edward William Proxmire was 6 years old, he was captivated by the silent-film star Bill Hart and insisted on dropping his first name.

His name was recognized by 48 percent of those interviewed in a Gallup Poll, not because of his legislative victories but because of his eccentricities.

He is: • The dogged warrior against government waste, awarding monthly "Golden Fleece" awards to such government projects as a Federal Aviation Administration study of 78 body measurements of stewardesses and a study by the National Institute of Mental Health on Peruvian broths.

• The only senator not to have missed a roll call vote since 1965.

• The first senator to have a hair transplant.

A former Yale University boxing champion who does 100 push-ups every morning, then runs 4.7 miles (7.5 kilometers) to work.

A politician of such seeming modesty that his biographical sketch in the Congressional Directory reads simply, "William Proxmire, Wisconsin."

A populist who in 1976 campaigned without contributions. He got \$197, all his own money. Much of that paid for stationery and postage to return contributions. He plans to do it again and is overwhelmingly favored to win.

Hailed by supporters as a man of the people, fighting the spendthrifts in Washington on issues ranging from the supersonic transport to food stamps, Sen. Proxmire cultivates an image of parsimony and populism that appears to sit very well with voters.

But his critics assail him for demagoguery and hypocrisy. While acknowledging that he is tireless, honest and smart, many colleagues say that he is obsessed with publicity and that he never takes a stand that is unpopular with voters.

He is a powerful figure because his 25 years in the Senate have made him a senior member of the Banking, Appropriations and Joint Economic committees. The paradox is that he remains the quintessential outsider, spurning friendships and tradition, thus forfeiting some of that power.

The lonely runner is a metaphor that suits him well. Voted "biggest grind" in prep

school, he also was a brilliant student. He is one of the best-prepared senators and among the most articulate in debate.

"You've got to run, run, run," he once said, and he was not just talking about getting to work.

Sen. Proxmire, 66, grew up in Lake Forest, Ill., and attended Yale and Harvard Business School. In 1949 he decided to become a journalist as a stepping-stone to politics. He settled in the Republican bastion of Wisconsin.

He was quickly fired from the newspaper in Madison for, among other offenses, pointing out the shortcomings of an article written by the publisher. He then joined the Union Labor News and, almost as soon as he was eligible to vote in the state, won a seat in the state legislature.

After living in the state just three years, he ran for governor and was defeated. Again in 1954 and 1956, he ran for governor and lost to Walter J. Kohler.

In 1957, Sen. Joseph R. McCarthy died and he stepped himself against Gov. Kohler once again in the special election for the Senate seat.

Fighting Back

When Gov. Kohler denied him a "three-time loser," Mr. Proxmire fought back. "If all those who have ever lost in business, love, sports or politics will vote for me as one who knows what it is to lose and fight back," he responded, "I will be glad to give my opponent the support of those lucky voters who have never lost anything."

Mr. Proxmire won.

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## Students Feel Impact Of U.S. Aid Cutbacks

By Nicholas D. Kristof

Washington Post Service

WASHINGTON — Duncan Fraser had a dream — to attend Princeton University this fall. With near-perfect college board scores, National Merit and Presidential scholarships, the dream seemed tantalizingly close.

But last spring, Duncan, then a high school senior from Decatur, Ga., was informed that he was ineligible for U.S. aid. It appeared that his parents would have to mortgage their home to afford the \$13,000 cost of sending him to Princeton for one year.

"My parents have worked very hard, and I don't think I can ask them to live in poverty so I can live out my expensive dream," he said.

So Duncan will enroll this fall at North Carolina's Davidson College. It gave him a full scholarship.

Cuts Take Effect

College administrators say Duncan's story is being repeated around the country. The administration's cuts in student aid are only beginning to take effect, but administrators warn that they already have had a stinging psychological impact.

Many college officials are also concerned by signs that poor or minority students are counting themselves out.

At Harvard, the number of black applicants, the number of applicants from public schools and the number of applicants who requested financial aid all dropped slightly this year, according to William R. Fitzsimmons, director of admissions.

Also troubling Harvard officials is a drop in the number who decided to come after being admitted. This drop was especially pronounced among black students, and 41 percent of the admitted blacks who went elsewhere said finances were a primary reason.

The annual cost of attending Harvard is more than \$13,000. However, 40 percent of the class receives scholarships worth an average of \$5,600, plus loans and jobs worth an average of \$3,000.

Big Stir

Administrators admit that they are responsible for part of the problem by raising a big stir over the Reagan administration's proposed cutbacks in student aid. Many students, unaware that Congress had rejected some of the cuts, assumed they would never qualify for aid.

"We intended to generate as much publicity as possible," said Michael Hooker, president of Bennington College, in Vermont, "but we were too successful. There was an unwarranted hysteria among parents and students. That's not to say the fears won't be warranted this time next year."

While some private colleges may be threatened, those such as Bennington, that cater to students from wealthy families do not seem in trouble.

Bennington is the most expensive college in the country, costing

more than \$14,000, yet Mr. Hooker said the number of applications rose this year.

The recent cuts in student aid include the following:

• The annual maximum for Pell grants, the basic U.S. scholarships awarded on the basis of need, will be cut from \$1,800 to \$1,674 unless more money is added to the program.

• Funding for supplemental grants was cut 26 percent from last year's level.

• College work-study, national direct student loans and state student incentive grants were all cut about 4 percent.

• Students entering college this fall no longer will be eligible for Social Security education benefits, which now constitute one-fifth of student aid.

Guaranteed student loans, which formerly were available to all students regardless of need, now are limited to families with incomes of less than \$30,000 or those with higher incomes who can demonstrate need.

Many students have not realized that they may be eligible for loans even though their family income is more than \$30,000, administrators said. The number of loan applications is down 30 percent from last year, according to Education Department figures, although there may be a surge in August and September.

College fees are rising about 15 percent a year, according to the National Association of Student Financial Aid Administrators. Many officials are worried that the administration will press for deeper cuts in student aid next year.

Ironically, community colleges are now booming. Rosemary Wolbers of the American Association of Community and Junior Colleges said that enrollment at community and junior colleges is expected to rise 4 percent. Such institutions are popular because they are cheap and focus on job training, while permitting students to hold jobs while attending college part-time.

The end of the baby boom generation now is trickling through universities and the number of college-aged people will decline by 20 percent over the next 15 years. To avoid losing too much ground, colleges will have to compete more vigorously with one another.

Some states are moving to help financially strapped universities. Colorado has begun a matching fund, offering to match contributions to colleges dollar-for-dollar up to a limit.

Seven states have passed legislation allowing colleges to issue tax-exempt bonds to raise money for student aid.

Boy Dies in Chile Bombing

SANTIAGO — Five bombs exploded Tuesday in Santiago, one of them killing a 12-year-old boy and injuring three other children, one seriously, authorities said.

## New Economy Minister Is Named in Argentina

By Nicholas D. Kristof

Washington Post Service

BUENOS AIRES — Jorge Webbe, a law professor, has been named as Argentina's economy minister following the resignation of his predecessor, José María Dagnino Pastore, and the central bank president, Domingo Cavallo.

Mr. Webbe, 62, was to be sworn in Wednesday. It will be the third time he has held the post since the 1960s.

Mr. Dagnino Pastore and Mr. Cavallo, who resigned Tuesday, were architects of the economic policy of the two-month-old military government of President Reynaldo Bignone, which has pledged to return Argentina to democracy by March, 1984.

Following Argentina's defeat in the Falklands conflict, the two men launched a program to refuel the economy while coping with \$15 billion in service payments due in the second half of the year on the country's \$36.6-billion foreign debt.

Climate of Opinion

Mr. Webbe, who was appointed Tuesday night by Gen. Bignone, is a specialist in financial law. After his appointment, he told the independent Argentine news agency Noticias Argentinas that Argentina's most worrying problem was the climate of opinion in the country.

He called for calm and moderation to ensure a smooth transition to democracy.

The country's trade unions have shown increasing impatience with government action to restore the value of wages eroded by a 137-percent rise in the cost of living during the last 12 months.

Union leaders reacted coolly Tuesday night to a government announcement of a general pay increase of 1 million pesos (about \$26) on all monthly salaries, to be spread out over August and September; this would be followed by further monthly pay rises indexed to the cost of living.

Conflicting Interests

In his letter of resignation, Mr. Dagnino Pastore said he had been unable to reconcile conflicting interests in the Argentine economy. Mr. Cavallo said in his own letter of resignation that he was stepping down in disagreement with decisions by Gen. Bignone affecting the government's income policy and its drive to reactivate the economy.

Political and banking sources said Mr. Dagnino Pastore and Mr. Cavallo had different approaches to tackling Argentina's economic problems: Mr. Dagnino Pastore

daunting external debts and achieve an export-led economic recovery, while Mr. Cavallo favored refueling the domestic economy as well.

Economic analysts said they expected the resignations to deepen the country's financial difficulties. They said the change in economic leadership was the most severe test to face the Bignone government since it came to power July 1.

Mr. Webbe's previous terms as economy minister were brief. He served for 11 days in the elected government of Arturo Frondizi before it was overthrown in a coup April 6, 1962, and he held the economy portfolio for six months in the military regime of President Alejandro Lanusse in 1972 and 1973 before it gave way to an elected government.

Before that, he lectured in financial law at Buenos Aires University, was Argentina's secretary for finance from 1961 to 1962, and headed the National Mortgage Bank during the following two years.

Concord Delirium



# Herald Tribune

Published With The New York Times and The Washington Post

## The Pipeline Fiasco

From THE WASHINGTON POST

President Reagan's crusade against the Soviet gas pipeline is working out badly for American national interests. It was supposed to be a test of wills between East and West. Instead, it is turning out to be a test of wills between the United States and its European allies. Far from punishing the Russians for imposing martial law in Poland, it is giving them the only foreign political advantage that they have been able to extract from the whole Polish affair.

France has ordered that three gas compressors, built in France by the French subsidiary of Dresser Industries, be sent to the Soviet Union. The Reagan administration has threatened penalties against Dresser if the delivery is made. The French government has threatened criminal prosecution of the subsidiary, Dresser France, if it is not made. A French victory on this one is assured, since the equipment is in their country. The United States has let this affair degenerate into a highly public effort to impose its foreign policy on France. The French are not likely to lose that one, either.

Mr. Reagan wanted to express American outrage at the suppression of Solidarity last December and to try to force the Soviet Union to relax it. He was not wrong about that. In addition to all of his earlier arguments against the pipeline, and for the embargo, there are now reports that the Soviets are using slave labor from the prison camps to accelerate construction. No one can claim to be surprised if those reports turn out to be true.

But you do not have to like the pipeline deal, or martial law in Poland, to believe that this campaign by Mr. Reagan has strayed dangerously far from its original purposes.

A succession of American administrations has had a lot of experience with embargoes. It all adds up to a simple rule. They can be quite effective when they are supported by a wide international consensus. The West has run quite successful embargoes of the Soviet Union, and certain other countries, involving equipment of strategic importance that touches everybody's security. But where there is no agreement on strategic importance, the embargoes always fail. The pipeline embargo belongs in the second category.

As it is seen from Europe, the issue is no longer one of relations with the Soviets. It is now a matter of the Europeans' national sovereignty. The harder Mr. Reagan presses the French, the British, the Germans and the Italians, the harder each of those governments will resist.

What is needed now, and quickly, is a legal solution in the slippery sense of the term. The Dresser case needs to be wrapped heavily in verbiage and bundled off to an obscure tribunal somewhere for learned people to pore over and adjudicate, not very quickly, while tempers cool. That would give the administration a chance to reconsider its position and come up with tactics that, unlike the present ones, might promise to create more embarrassment for the Soviet Union than for the United States.

## Newspeak in Japan

From THE NEW YORK TIMES

West Germany reared only a few years after Hitler's defeat and without regaining the militaristic nationalism its neighbors feared. The returns from Japan's neighbors are not yet in, as can be seen in the controversy over the rewriting of history textbooks by Tokyo's Education Ministry to soften accounts of Japanese wartime brutality.

Japan is finally starting a military buildup, long urged by Washington, 37 years after World War II. It is supported by a new domestic consensus that stems from the Soviet invasion of Afghanistan, the threat to Japan's oil supplies and Washington's insistence that Tokyo defend its sea lanes out to a distance of 1,000 miles. The buildup was accepted initially by Peking, as a way of containing the Soviet Union. But the history controversy has revived such concern there and elsewhere about Japanese militarism that Prime Minister Suzuki is being forced into a reversal by his education minister.

The controversy heated up after the press disclosed a Japanese Education Ministry memorandum that sought to justify the revisions. It said the number of Chinese civilians slaughtered during the "Rape of Nanking" had been deleted because historical accounts ranged from 10,000 to hundreds of thousands. References to Japanese "aggression" were deleted and Japan's invasion of China was termed an "advance," it said, to achieve consistency with euphemisms for European incursions in the 19th century.

South Korean street demonstrations called for breaking relations with Tokyo and banning Japanese imports unless the books were

amended. China gave a chilly reception to Japanese officials sent to explain the changes. Prime Minister Suzuki finally realized that the controversy could endanger his visit to Peking next month to commemorate the 10th anniversary of normalization, and intervened.

To Americans as well as Asians, the changes sound a lot like Orwell's newspeak. Even more dismaying is that Education Minister Heiji Okawa refused for six weeks to answer the criticism. All he would say publicly was that the changes had been recommended by a committee of responsible teachers, scholars and public members — not by extreme nationalists.

His view, however, was not the only one in Japan. Opposition leaders in the Diet urged corrections. The vigorous Japanese press, which revealed the book revisions, refused to drop the issue.

Foreign Minister Yoshio Sakuruchi struggled openly with his Cabinet colleague, rejecting the thesis that the issue was an internal affair. "The point," he said, "is whether Japan, in the eyes of the countries concerned, is abiding by responsibility for its past actions as stated in separate postwar joint communiqués with China and South Korea."

That Japan needed such a reminder is disturbing. So was Suzuki's prolonged reluctance to challenge the right wing of his conservative party by overruling his education minister. Now he insists he will settle the issue "in a manner acceptable to China" before his September visit. It is welcome if belated recognition that newspeak is newspeak, whatever the reason or the region.

## Other Editorial Opinion

### Swaziland's Future

Relations with South Africa will continue to be the thorniest issue facing Swaziland [after the death of King Sobhuza II].

By supporting the Southern African Development Coordination Conference (SADCC), which seeks to lessen the dependence of the regional economy on South Africa, Swaziland, Botswana and Lesotho have clearly signified that they would prefer not to become part of a South African satellite system or "constellation of states." Outside support for these countries will therefore continue to be vital to them if they are to preserve their political independence.

There are close historical ties between [Britain] and Swaziland. As the new monarch faces painful geopolitical dilemmas, he will also need to ponder how, internally, the political system can open up for those Swazis who were becoming impatient with the late monarch's benevolent autocracy. As he seeks the balance between continuity and change, the next king should have [Britain's] sympathy and support.

—The Times (London).

### Lebanon's Election

A while ago it [Israel] would have expected to be well pleased by the election of Bashir Gemayel as president, but [he] has now said

he will not sign a peace treaty with Israel. His Christians are divided and he badly needs to win some support from the Moslems, who could otherwise resist him to the point of causing civil war. He is unlikely to be the compliant representative of Israeli interests which some expected.

—The Times (London).

Mr. Gemayel [bears] many in Lebanon will regard as the stigma of being a willing tool of Israel.

It is true that the Phalangists have openly cooperated with Israeli forces during the recent fighting. Their militias have been largely equipped by Israel. Mr. Begin has publicly congratulated Mr. Gemayel on his election in fulsome terms.

Both these factors, Mr. Gemayel's reputation in the civil war and his close association with Israel, are admittedly daunting ones for Lebanese Moslems to contemplate.

Yet the obvious very often does not happen. It seems frankly absurd to assume that Mr. Gemayel, who is an educated and sophisticated man, is going to take up his six-year term as president of Lebanon next month with the intention of resuming the civil war. Equally, because the Phalangists have been backed by Israel, it need not follow that as president Mr. Gemayel will be Mr. Begin's puppet.

—The Daily Telegraph (London).

# Why the World Oil Glut Might Be Here to Stay

By Hobart Rowen

WASHINGTON — If there ever was any doubt about the impact of the oil glut on the economies of the OPEC countries, it has been dissipated by the annual report of the International Monetary Fund: In the two-year period, 1980-82, which marks the second oil-price "shock," OPEC's financial surplus plunged from \$116 billion to an estimated \$25 billion this year.

The underlying lesson is that the Western industrialized nations' dependence on Middle East oil has fallen sharply. For example, in the first quarter of 1982, U.S. oil imports from the Middle East were only 1.1 million barrels a day, or 6.9 percent of U.S. consumption, compared to the 1977 peak of 3.7 million barrels, or 20.2 percent of consumption.

But the perception of this fact tends to lag behind reality in some U.S. government offices. At the CIA, they still believe the script as written two years ago — that American dependence on Middle East oil will rise until the end of this century.

But no one could have failed to notice that during the long crisis in Lebanon, not only did Arab nations not rush to the aid of the Palestinians, but no oil-exporting nation threatened an oil embargo as a counter to the Israeli effort to wipe out the PLO.

"The Saudis have shot their bolt," said

Prof. Elyahu Kanovsky in an interview here. Kanovsky, a visiting professor at Queens College, New York, and professor of economics of Bar Ilan University in Ramat Gan, Israel, is one of a small band of oil analysts who two years ago saw the oil glut on the horizon.

Along with C. Fred Singer of the University of Virginia's Energy Policy Studies Center, Kanovsky foresaw that a revolution in both supply and demand for oil was taking place that would create a huge oil surplus, dramatically reduce the world price for oil and shake the economic foundations of OPEC.

If supposedly smart bankers had taken these warnings seriously, they might not have poured money down the drain in tenuous projects in Canada or in Penn Square National Bank energy "participations" in the American Southwest. But they all counted on the price of oil going straight up, with OPEC in the driver's seat.

Even now, some thoughtful analysts raise doubt about the permanence of the glut. Americans for Energy Independence, for example, this week warned against complacency: Economic recovery, this group said, could increase demand for oil and thus recreate a dependency on OPEC.

But Kanovsky, in a soon-to-be-published paper, argues convincingly that the glut is here to stay, regardless of economic recovery, because "large-scale investments in energy efficiency as well as in energy-switching have a long-term impact."

Thus, even with a return to a 3 to 4 percent global annual economic growth rate for the remainder of this decade (which no authoritative source expects), Kanovsky says that "oil consumption is not likely to rise" at all. The historically overoptimistic Exxon Corp. has now lowered its forecast for growth in consumption to less than 1 percent annually until the end of the century.

Increases in non-OPEC oil production in the free world could easily take care of such a consumption increase. Kanovsky points out that the rise in non-OPEC output from 5 million barrels per day in 1976 to a spectacular 21 million barrels a day in 1981 was the response, mostly, to the first oil shock of 1973. Extensive drilling and exploration activities since the 1979 oil shock have yet to pay full dividends.

Now come back to the depressing economic statistics for OPEC cited by the IMF: Most of the cartel countries, including Saudi Arabia

and Kuwait, had planned huge domestic budget increases on the assumption of an ever-increasing stream of oil money. It is hard, now, to adjust to more austere times.

"The conspicuous consumption of the thousands of Saudi princes and of others who have amassed fortunes has raised expectations amongst the millions of others," says Kanovsky. "The Saudis are on a collision course between rising expenditures and falling revenues, and their ability to control these trends is very limited."

How about the Iran-Iraq war? Once it is over, Kanovsky argues, Iran, Iraq and fellow OPEC members will have no choice but to boost their oil output to help pay for the war and to rebuild the Iraqi and Iranian economies.

To sum up, Kanovsky sees OPEC fighting for a share of the market. The cartel will be dependent on the consuming nations, rather than the other way around. That means downward pressure on oil prices, with no ability to cut production in order to sustain prices. Such a "gradual dehousing" of Middle East oil will require further and perhaps painful domestic adjustments inside OPEC. It also will force the Western consuming powers to re-evaluate the political and strategic importance of the Gulf producers.

The Washington Post.

## A Jordanian Call for American Recognition of the PLO

By Hassan Bin Talal

The writer, the crown prince of Jordan, stated his country's views in a commentary in the Washington Post.

AMMAN — Nine weeks after the eruption of the Israeli military action in Lebanon, the United States, after exerting long-awaited pressure upon Israel, has brought about a halt to the fighting and contained the immediate violence. Yet there is nothing more temporary than the temporary.

The time has now come for the American public to realize that the unquestioning support given by successive U.S. administrations to Israel in financial and military assistance helps, by definition, to promote the past and present outrageous actions of the Begin-Sharon government, as well as the fait accompli of Israel's expansionism. As we all know, this has led to the horrifying human suffering inflicted upon Lebanon and to the continuing violent repression of the Palestinian Arabs in the Arab-occupied territories of the West Bank, Gaza Strip and the Golan Heights.

The time has also come for the American public to realize that no amount of financial and military support for Israel will enable Israel to wipe out the aspirations of the Palestinians, or to destroy the PLO as a political force. A durable and comprehensive resolution of the Palestine question has remained the crux of the

Middle East issue since the beginning of the Arab-Israeli conflict of more than 34 years ago, the longest human tragedy in modern history.

The time has now come for the American public to realize that U.S. foreign policy in the Middle East can no longer be dictated by a small, though powerful, one-sided pressure group. It should be impartial in its genuine desire to secure a just and durable peace.

The PLO leadership has shown moral courage in identifying the next phase of the political struggle by moving toward recognition of all political initiatives in the region, including the King Fahd plan and UN resolutions. It therefore seems a natural starting point for any peace process that further recognition by the United States of the PLO, following its indirect and implicit recognition demonstrated during the Lebanon crisis, should ensue. Surely if this hurdle could be crossed, the PLO, on its part, would be able to recognize the right of the people of Israel to exist free from armed threat.

Security for states and justice for peoples are indivisible principles. It is

also a foregone conclusion that total security for Israel implies total insecurity for its neighbors. In other words, the right of all states to live in peace and within secure boundaries cannot be enjoyed exclusively by Israel (the world's fourth-largest military power, as well as the region's only nuclear force), but should apply equally to the Palestinian and Arab people, whose desire to live in peace and dignity has yet to be respected by the United States. Surely the human problems of the region, whether in Lebanon or the West Bank and Gaza Strip, cannot be resolved by the United States without its demonstrating recognition of the fact that they exist.

The past nine weeks of Israel's war in Lebanon have diverted international attention from developments in the occupied territories.

The Israelis have opened prisons to detain those opposed to Village League leadership imposed by the occupation authorities; elected mayors and cooperative leaders have been imprisoned or expelled, and patronage of day-to-day life has been channeled through the Israelis into the hands of their home-grown Palestini-

an leadership in what has become a caricature occupation.

If the Israelis claim, a priori, that the PLO does not represent the Palestinians, why should they militarily impose their "quelling leadership" — as one Israeli opposition spokesman has described it — upon the Palestinian Arabs. The stimulation of civil strife, in the colonial formula of divide and rule, is intended to serve the World Zionist Organization plan to reduce the Arabs in the occupied territories to minority status by 1985.

The American public is fully aware that there can be no moderation without recognition. Double standards must cease in dealings with the Arabs and the Israelis.

It should not be forgotten that the Palestinians can only realize their legitimate political aspirations on Palestinian soil through the exercise of their right to self-determination and statehood, a right recognized by the majority of the international community of states.

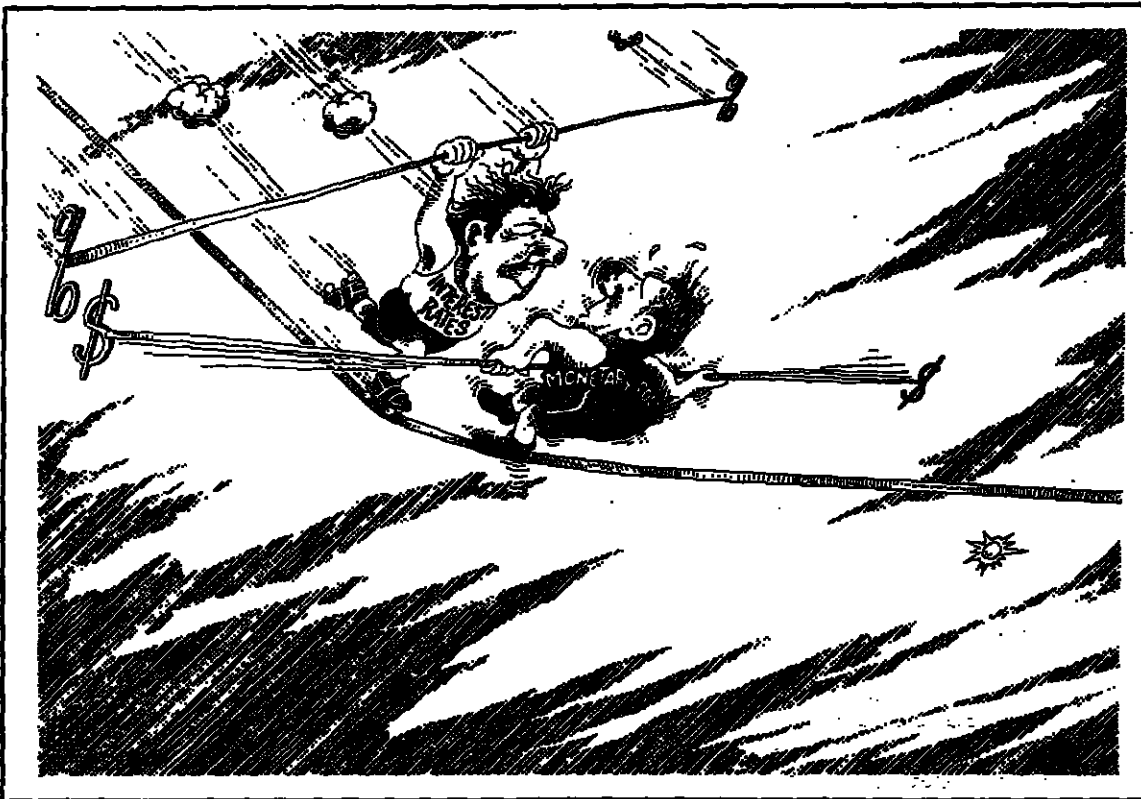
Israeli extremism, whether in Lebanon or in its support of Iran in the Gulf war, has been matched by the

extremism of some radical Arab states who seek zones of influence in both these theaters of conflict. Yet the obvious trauma for Palestinians and Arabs alike is the indentured servitude forced on the hostage inhabitants of the territories occupied since 1967. In other words, the specter of the de facto annexation of these territories will be a sequel to the status quo of zones of extremism in Lebanon.

Respect for United Nations Resolution 242 involves us all, if the search for peace in this region is to be envisaged. The alternative of militant fundamentalism and ethnic balkanization could be the fate for the cradle of the three Abrahamic religions.

The time has come for the aspirations of the dispossessed Palestinian people for full and free self-determination, not anywhere but on the Palestinian soil of their forefathers, to become a reality.

If Israel continues to ignore the fact that politics in the region can only be exercised when people, and not only resources, matter, then the words of an Israeli university professor will still ring true: "Deep in our hearts we know we only bought time."



## Caribbean Basin Plan Called Crucial

By Frank McNeil

LAKE WORTH, Fla. — If the United States is to play a constructive role in the Western Hemisphere in the decade ahead, instead of just reacting to unpleasant events, the first order of business is to make the Caribbean Basin Initiative a reality, particularly its provisions involving trade and aid.

Congress is likely to approve \$300 million to \$350 million of the emergency economic assistance that the Reagan administration has requested for the small, struggling, mostly democratic countries of the Caribbean basin. But the heart of the initiative, the trade and investment incentives, continue to be bogged down, hostage to the congressional calendar and domestic concerns.

Historically, Costa Rica is Latin America's most successful democracy, with sustained economic growth and the highest educational and health standards south of the Rio Grande. But in the last three years its economy has plunged into near-collapse, the victim of misallocation of resources and world conditions.

Costa Rica's own recovery efforts, which are now under way, probably will not suffice without the initiative's trade and aid sustenance, which is similarly indispensable elsewhere around the Caribbean. The effects of economic collapse upon the vitality of the region's democratic institutions and upon the United States' other interests, security and economic, are easy to project.

It is somewhat correct to say that bipartisan foreign policy died with the Vietnam War. But while important foreign policy differences divide the two parties, common sense suggests that fundamental national interests transcend partisan considerations. The United States' compelling interest in the Caribbean Basin Initiative has been obscured by the debate over El Salvador, leaving the importance of the initiative much better understood by our neighbors than in the United States.

I do not want to minimize the importance of El Salvador. But except for the hemisphere's terminal Lenin-

ists, who fear the consequences of anything good coming from Washington, all parties to the El Salvador debate should welcome the Caribbean initiative, if only because it will help avoid other El Salvador.

If one-tenth of the time devoted to El Salvador had gone into public discussion of the Caribbean initiative, the proposal might well have become law by now. Concerns in the United States about its effect on the U.S. economy and job picture — particularly understandable at a time of high unemployment — do not stand up under close scrutiny.

Caribbean basin countries and their economies are so small that the proposed elimination of tariffs, which today apply to only 15 percent of the products they export, would have a negligible effect on U.S. firms. Expansion of the small volume of Caribbean exports would for the most part come at the expense of larger, more distant foreign exporters who would not have tariff advantages.

What is of negligible importance to the United States, however, offers large benefits to these small countries, buoying their economies over time and, in some cases, spelling the difference between economic and political success and failure.

After President Reagan announced the initiative, many Latin American political and economic leaders publicly judged it Washington's most important initiative since John F. Kennedy's Alliance for Progress, because it responded to Latin American countries' long-standing claim to access to U.S. markets. That access would permit expanded investment, production and employment and earn more foreign exchange; otherwise, these countries would continue to go into ruinous debt, eventually ceasing to buy U.S. products because they could no longer obtain dollar financing.

When Costa Rica's new president, Luis Alberto Monge, recently visited Washington at President Reagan's invitation, he came burdened with

many economic problems and the aggressive meddling of neighboring Nicaragua. Nonetheless, he concentrated in his discussions with the executive branch, Congress, the news media, labor and business on the importance to the region of the Caribbean initiative. He surprised many people who expected only pleas for assistance when he said that access to markets was more important than aid because trade opportunities would sustain increases in employment, production and export revenues.

Similarly, the freely elected leaders of Jamaica, the Dominican Republic, Honduras and other countries have argued for the initiative, seeing it as an imaginative, sensible contribution to cutting the Gordian knot that ties their countries to the cycle of poverty, debt and instability that has made the region an obvious target for the attentions of Moscow, Havana and even Managua. It is time the United States listened to these democratic leaders. If they fail, the United States fails.

The author was U.S. ambassador to Costa Rica for two years and has spent 16 years in the Foreign Service, half of them in Latin America. He contributes this commentary to The New York Times.

## Taiwan Policy: A Move To Assure Asian Peace

By Stanley Karnow

WASHINGTON — President Reagan's latest agreement with China is a masterpiece of ambiguity. But since diplomacy is the art of the possible, it is a workable accommodation that favors the purposes of all the parties involved.

So critics of the compromise ought to refrain from denouncing it — unless they can propose a more plausible alternative. Plainly, though, they have nothing better to offer.

The big complaint of Sen. Barry Goldwater and other conservatives is that Reagan has capitulated to the Chinese by conceding to their demand that he restrict future arms sales to Taiwan.

But that gripe overlooks the central issue — which is that a sound relationship between the United States and China is a key to stability in Asia and elsewhere. And without it, American, Chinese and Taiwanese interests would be jeopardized.

Richard Nixon recognized that reality when he staged his spectacular trip to China a decade ago, calling his journey "the week that changed the world."

As Nixon perceived, solid Sino-American ties are important as a counterweight to the Soviet Union. In addition, they serve to placate Japan, the principal U.S. ally in the Pacific, which had been trapped in the cross-fire of antagonism between the United States and China before Nixon's voyage to Peking.

From America's own viewpoint, therefore, it was vital for Reagan to repair the U.S. connection with China that Nixon had created — and which had been deteriorating badly within the past year.

Another benefit for the United States in the fresh understanding is that it strengthens the internal political position of Chinese Vice Premier Deng Xiaoping on the eve of a crucial Communist Party congress.

Deng is no advocate of New England Town Hall democracy. But he has been struggling to restore a measure of rationality to China after the convulsions of Mao's Cultural Revolution, and he needs American and other Western technological help.

He has been battling against his own Goldwaters — hard-line ideologues who contend that a link with the United States represents a betrayal of the revolution. Thus continued Sino-American tensions would have undercut him, and brought to the fore the old zealots whose doctrines spell trouble.

The extent to which Deng was willing to go to rebuild his relationship with the United States is reflected in the communiqué that followed the recent agreement with the Reagan administration.

Despite their argument that the Taiwan problem is a domestic affair, the Chinese nevertheless pledged to find a "peaceful solution" to the question.

That promise may not be reassuring to the regime on Taiwan and its American supporters, who warn against trusting the Communists. But it is equally pointless to assert that Taiwan's security lies in bigger and better weapons.

For one thing, the new Sino-American accord does not stop the delivery of U.S. hardware to Taiwan. A Northrop plant on the island will continue to assemble F-5E jet fighters equipped with American-made engines, and the aircraft are adequate to protect Taiwan against invasion.

The vagueness of the agreement further leaves open the possibility that the United States can step up its military assistance to Taiwan in the event of a threat by China. But such a threat is unlikely.

The Chinese are confronted by a massive Russian force on their northern frontier and by a Soviet-supported Vietnamese Army along their southern borders. They can barely keep their economy on an even keel.

So it is ludicrous to expect that they could mobilize the resources to mount an amphibious attack across the 100-mile-wide Taiwan Strait. However, they do have another option for squeezing the island.

Taiwan is one of the great economic success stories of the past generation. Once a sleepy agricultural community, it has leaped forward into sophisticated technology, and its prosperity seems to be boundless.

But its affluence depends on exports. And it is conceivable that, in a crunch, China might exert pressure on the West to cease trading with the island. Such a tactic could dent the island's economy.

Hence Taiwan's security hinges not on its military establishment, but on its economic equilibrium — and that is not going to be guaranteed by advanced jet fighters.

On the contrary, the safety of the island resides in peace in Asia, and this Chinese-American agreement, with all its imperfections is a step in that direction.

Tribune and Register Syndicate.

## LETTERS TO THE EDITOR

### On Transylvania

Regarding "Hungary at the Table" (HT, Aug. 20): I truly enjoyed Mr. Apple's very vivid, factual and "mouthwatering" article about Hungarian cooking. I also appreciate heartily with Mr. Apple when he states that "...Transylvania is the most Hungarian part of Hungary, and stuffed cabbage seems to me the most Hungarian and succulent of Hungarian dishes...." There is only one very sad fact behind this seemingly very true and logical statement, namely, Transylvania with its over 2 million Hungarian population and

former capital of Kolozsvár is not "part of Hungary" anymore but was very unjustly and illogically annexed to Romania after the Second World War.

ADAM N. FEKETE  
Hünenberg, Switzerland

### Egypt's View

Regarding "From Nasser to Mubarak: Egypt's Difficult Journey" (HT, Aug. 17): Mr. Mubarak's Egyptians are "betrayed" with Israel and that the peace treaty has "failed." I don't understand what else they expect the Israelis to do for

them. Egypt was returned the west of the Sinai and Israel in receiving the pledge of peace. Israel has nothing more to give to Egypt except the continuation of that past economy.

M. SCOTT GORDON  
Gstaad, Switzerland

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مكتبة الأصيل



# U.S. Envoy Gave an Insider's Perspective to Peking Talks

By Michael Weisskopf

Washington Post Service

PEKING — On Aug. 15, a weary but relieved Arthur W. Hummel Jr. shook hands with Chinese officials across a green, felt-topped negotiating table and set Chinese-American relations back on course after months of strain.

Chinese and U.S. diplomats had been struggling over endless cigarettes and cups of tea since last October, trying to solve what seemed insoluble — Washington's military commitment to Taiwan vs. Peking's claim to the capitalist island.

But when Mr. Hummel left the negotiating session, he had an agreement that drew China and the United States back from the edge of diplomatic breakdown.

For Mr. Hummel, 62, who has been U.S. ambassador to Peking since August, 1981, it was just the latest skirmish in an internal Chinese "civil war" that he has been waging on and off most of his life.

Mr. Hummel brings to his post a background that is unique in the U.S. Foreign Service. A "missionary brat" born in China, Mr. Hummel fought with Nationalist guerrillas during World War II. As a UN relief official, he gained first-hand knowledge of the conditions that led to the Communist victory in 1949 and the flight of the Nationalists to Taiwan.

From his early days, he fashioned himself as a renaissance man, hunchbacked across America's Midwest and taking such odd jobs as private detective and factory worker before entering government service.

Yet for all his flamboyant years in other countries, "China is the center of his life," a fellow diplomat in Peking said.

The diplomatic colleague, who has known Mr. Hummel for 30 years, said he "has an understanding of its history, the Chinese way of doing things. This gives him a special perspective."

Mr. Hummel brought the perspective with him to the negotiating table in recent months. His comprehension of Chinese gave him extra time to formulate his responses while the English translator worked. His familiarity with Chinese officials made it easy to slip away from the intense sessions for an informal chat over lunch, when, he said, "we made progress and gave each other clues."

"The personal dynamic helped in convincing the Chinese of the American reasons" for selling weapons to Taiwan, "but how much that affected their decision-making, I don't know," he said in a recent interview. "Personal acceptability is one thing, and foreign policy is another."

Mr. Hummel was born in Shanxi province in 1920 and spent his first eight years in Peking, where he learned Chinese. His father was a Congregationalist minister and noted Sinologist whose history of the Qing Dynasty still is considered a standard in the field.

After his father moved to Washington, Mr. Hummel became a rebellious youth. He was twice thrown out of prep school, and he dropped out of Antioch College. By his own description, he lived like a hippie before it was fashionable.

He decided to go back to China in 1940 and was teaching English in Peking when the Japanese bombed Pearl Harbor in December, 1941. Japanese troops occupying Peking arrested Mr. Hummel in a roundup of enemy aliens. He spent the next two years in an internment camp.

By 1944, he had managed to escape the prison camp in Shandong province with the help of a Nationalist Chinese guerrilla band then fighting against the Japanese and Chinese Communists. Mr. Hummel joined the guerrillas, and for the next 15 months he fought Japanese and their puppet Chinese troops.

It was during his days as a guerrilla, fighting under the nom de guerre Hong Anshi, that Mr. Hummel learned the power of Chinese nationalism. He carried the lesson with him to the negotiating sessions in Peking 40 years later.

"Nationalism is a very powerful factor," he said. "It was the [Chinese] insistence on sovereignty that was the problem of Taiwan, and that's basically a nationalistic element."

Mr. Hummel worked for a year after the war as a UN relief officer surveying Communist-controlled areas of China's northeast, then returned to the United States to take a graduate degree in Chinese from the University of Chicago.

## Moving Up

He joined the State Department in 1950 and put his China background to work right away. High-ranking U.S. diplomats were embroiled in McCarthyite charges of espionage when President Jimmy Carter sent

him to Pakistan, where he was head of mission when Islamic radicals set fire to the U.S. Embassy in 1979. Mr. Hummel, who was at home during the siege, called President Mohammed Zia ul-Haq and arranged for the rescue of his staffers and visitors, who were trapped at the embassy.

Mr. Hummel believes it was his success in bringing Pakistan more firmly into the U.S. orbit by putting together a \$3-billion aid package in 1981 that convinced Secretary of State Alexander M. Haig Jr. to give him the coveted China post.

To his admirers in Peking, it seemed like the natural assignment. "He's absolutely unflappable," a U.S. Embassy official said. "He understands the Chinese negotiating techniques and the meaning behind the barrage of words."

But Mr. Hummel believes too much can be made of his expertise in untangling the China puzzle. "These people are not very different from anyone else," he said. "The rules of the game are a little different, but once you understand the social milieu, there's nothing very exotic about dealing with Chinese."



Arthur W. Hummel Jr.

ferent from anyone else," he said. "The rules of the game are a little different, but once you understand the social milieu, there's nothing very exotic about dealing with Chinese."

## Politics, Economy Still Troubled As Portugal Erases Leftist Reforms

By Paul Lewis

New York Times Service

LISBON — While most of the population sweltered peacefully on the beaches, Portugal this month rid itself of a major relic of its brush with Communism after the revolution of 1974 that overthrew a 40-year dictatorship.

After two years of political maneuvering, the Portuguese parliament finally mustered the necessary two-thirds majority to reform the Marxist-leaning constitution of 1976 and abolish the committee of leftist army officers known as the Council of the Revolution. The council had powers to veto legislation it considered unconstitutional. In the same reform, the Assembly of the Republic sharply curtailed the powers of the country's president, Gen. Antonio Ramalho Eanes, who headed the council.

The vote was immediately hailed as a major political victory for Premier Francisco Pinto Balsemão's center-right coalition government. Mr. Balsemão's plans to open up more of the Portuguese economy to private enterprise have repeatedly been frustrated by the Council of the Revolution.

It is also being presented as a significant consolidation of parliamentary power in Portugal at a time when democracy is under strain in neighboring Spain and other southern European countries — and has been snuffed out entirely by the military in Turkey.

No Quick Solution  
But while both claims are true to a point, marching the Council of the Revolution back to barracks will do little in the short term to ease the problems of economic backwardness and political inexperience confronting Portugal.

Originally the Balsemão government wanted to abolish the Council of the Revolution as part of a sweeping revision of the 1976 constitution that would purge it of all leftist aspects. But Mario Soares' opposition Socialist Party agreed to provide the majority needed to

get rid of the council only after Mr. Balsemão dropped plans to scrap Portugal's constitutional commitment to Socialism and agreed to preserve the "irreversible" nationalization of banks and other key industries, including cement, steel, transport, communications and brewing.

The Balsemão coalition, Portugal's longest-lasting government since 1974, has already started to reverse some of the economic reforms carried out by the leftist officers who were so prominent in the 1974 revolution, returning confiscated farmland and encouraging foreign investment. Undeterred by its failure to denationalize state sector's huge money-losing state sector, the government hopes to make it more efficient, even though this could increase unemployment.

It also wants to develop a new private banking system in competition with the state-owned one, and is encouraging dispossessed indus-

## 2 Civil Guardsmen Killed by Bomb in Basque Region

BILBAO, Spain — Two members of the Civil Guard were killed and a third was seriously wounded Wednesday in the Basque town of Mungia when a bomb they were trying to defuse exploded, police said.

They said they suspected guerrillas of the Basque separatist organization ETA of planting the bomb outside a branch of Banco de Vizcaya in Mungia, just north of Bilbao. The bank had received threats from ETA.

The guardsmen were bomb disposal experts who had been called to the bank after an anonymous warning. The 1.5-kilogram (3-pound) bomb went off as they tried to drag it away from the bank.

analysts to buy back their old companies. Later this year, the government hopes Ford Motor Co. will put an American seal of approval on its free-market-oriented policies by completing plans for a \$900-million automobile plant at Sines, south of Lisbon, creating 11,000 badly needed jobs and substantial export earnings.

Little Effect  
Despite these moves, the government has failed to make much impact on an inflation rate of 15 percent to 20 percent, a huge trade deficit, unemployment of at least 15 percent and an average income of only \$2,000 a year.

Also, France's government is wavering on the subject of European Economic Community membership for Portugal and its neighbor Spain. Increasingly the talks in Paris, where there is fear that an influx of cheap wine, fruit and industrial products will only add to the French unemployment problem, is of some form of partial membership for the two Iberian applicants that would limit their access to the markets of the other community members.

The Portuguese government's failure to get all the constitutional reforms it wanted is increasing tensions between the three factions coalition partners, Mr. Balsemão's Social Democrats, the rightist Christian Democrats and the small Monarchist Party. Some political observers believe that despite the government's success in abolishing the Council of the Revolution, Portugal is heading this fall for a political crisis it can ill afford.

Meanwhile, as the politicians squabble, the opinion polls show that Gen. Eanes, a colorless but palpably honest figure, is easily the country's most popular leader despite his recent humiliation by parliament. After more than a generation of fascist rule, the Portuguese still preserve a lingering fondness for a strong hand on the tiller of the state, and this may grow stronger still if the politicians fail to do better.



Beatrice Saubin, a Frenchwoman, is taken to a Kuala Lumpur court to appeal a death sentence for drug smuggling.

## Frenchwoman Wins Plea Against Death in Malaysia

KUALA LUMPUR — A Malaysian court Wednesday commuted the death sentence passed on Beatrice Saubin, 22, a French secretary, to life imprisonment.

But the court dismissed her appeal against her conviction in June for trafficking in 534 grams (19 ounces) of heroin worth more than \$500,000.

Miss Saubin gasped with relief when the sentence was commuted and told her lawyer, K. Kumaraendra, "I owe it to you." The lawyer said that since she had already been held for 2½ years, Miss Saubin would probably serve about 11 years with remission.

She pleaded not guilty at her trial, maintaining she did not know the heroin was hidden in her suitcase when she was arrested at Penang airport in January, 1980. She said that her lover, Eddy Tan Kim Soo, who has not been traced, used her as an unwitting courier.

## Tax Bill's Help Called Insufficient To Bail Out U.S. Social Security

By Spencer Rich

Washington Post Service

WASHINGTON — The Social Security system needs at least \$14 billion in new revenues or outlay cuts beyond those in the just-passed tax bill to keep going through 1985, according to the director of the Congressional Budget Office.

In the first official assessment by any government agency of the impact of the tax bill on the troubled system, the director, Alice M. Rivlin, told the National Commis-

sion on Social Security Reform last week that the tax bill will improve the status of Social Security.

But the system of retirement benefits and disability payments still requires an added \$11 billion in fiscal 1983 and \$3 billion in fiscal 1984 to keep going with only a thin reserve margin of 12 percent of a year's benefits, she said. She added that much larger reserves, up to 75 percent, would be desirable.

The commission was appointed by President Reagan to help recommend a solution, but it is not expected to come up with any proposals until after the elections in November.

Aides later broke down Mrs. Rivlin's figures: Under her office's July economic assumptions, the system would have needed about \$30 billion before passage of the tax bill to keep all three trust funds (old age, disability and hospital insurance) at a 12-percent reserve through the end of fiscal 1985, assuming borrowing among the three funds when needed.

The tax bill is expected to provide about \$16.2 billion of the \$30 billion, leaving about \$14 billion still needed over the three-year period. The \$16.2 billion would come from the bill's \$9.7-billion cuts in Medicare reimbursements to hos-

pitals from 1983 to 1985 (it also cut doctor reimbursements, but they are not paid out of the hospital insurance trust fund); \$4 billion in new hospital trust fund revenues resulting from imposing the 1.3-percent Medicare portion of the Social Security tax on federal employees; and \$2.5 billion from added interest income to the system from these financial improvements. Medicare is health insurance for the elderly.

Sen. John Heinz, Republican of Pennsylvania, a commission member and chairman of the Senate Committee on Aging, said that if the actual economic picture turned out only slightly worse than Mrs. Rivlin's scenario, up to twice the \$14 billion might be needed.

Theory Criticized  
An economist with the Brookings Institution, Henry Aaron, sharply attacked the theory of Martin Feldstein, the new chairman of the Council of Economic Advisers, that Social Security's existence makes people save less and therefore retards investment.

"It is simply not true that saving, however measured, has tended to drop off as Social Security has grown in importance," Mr. Aaron said.

## Charles Walters Dies; Was Singer, Movie Director

NEW YORK — Charles Walters, 68, a Broadway singer and dancer who became a director of Hollywood musicals, died Aug. 15.

Mr. Walters introduced Cole Porter's song "Just One of Those Things" and "Begin the Beguine" on Broadway in "Jubilee." Among the 20 movies he directed were "Easter Parade" (1948), "The Barkleys of Broadway" (1949), "Lili" (1953) and "High Society" (1956).

Philip L. Hahn

NEW YORK (NYT) — Philip L. Hahn, 37, a cotton futures trader and chairman of the New York Cotton Exchange, was found dead in his Manhattan apartment Monday, an apparent suicide victim, police said Tuesday.

Detectives said they found no suicide note but believed that Mr. Hahn was despondent over losing about \$60,000 in the stock market last week. Detectives said he evidently killed himself with a shotgun on Friday.

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## Volunteer Lawyers Battling Executions in U.S.

Small, Loosely Affiliated Band Feels Overwhelmed as Death Row Population Exceeds 1,000

By Dudley Clendinen

New York Times Service

STARKE, Fla. — As the number of prisoners under sentence of death in the United States has risen above 1,000, a small, loosely confederated band of lawyers has worked without fee to press appeals and avert executions.

The volunteer lawyers, who take on the cases at the point where the public defenders or other lawyers provided by the states leave off, are beginning to feel overwhelmed by the sheer number of inmates on death row. There is a growing fear among them that the condemned may soon begin to be executed not for lack of legal appeals to be made, but for lack of skilled lawyers to make them.

"I definitely think that somebody is going to get killed in the next nine months because they simply didn't have a lawyer," Baya M. Harrison 3d, a former deputy attorney general of Florida who is now in private practice in Tallahassee, said last week.

Or, said Mr. Harrison, who at one point this spring found himself appealing three different death cases in different courts, "whatever pleadings and documents a lawyer under too much pressure files will have so many errors that the state will have them thrown out."

"It's simply not fair for the state to be trying to execute these people when they're not adequately represented," said Mr. Harrison's volunteer colleague, Robert H. Dillinger, a St. Petersburg lawyer.

Largest Death Row  
The concern is largest at the Florida State Prison in Starke, where 181 men, the largest death row population in the nation, are locked away behind fences and walls, coils of razor wire and electrically controlled gates. Florida was the first state to enact a new capital punishment law after the Supreme Court struck down the old laws as unconstitutional in 1972.

In Georgia, where the death row population has grown to 118, "the

fund of willing volunteer lawyers has been nearly exhausted," said Jack Bulger, a staff lawyer for the NAACP Legal Defense and Educational Fund Inc. in New York.

Finding willing lawyers is the main job of a patchwork pyramid of organizations beginning with the Legal Defense and Educational Fund, which committed itself in 1967 to representing condemned defendants of all races who could not get lawyers. But the organization has only five lawyers to deal with capital cases, and there are now 1,025 men and 13 women awaiting execution. An estimated 65 percent to 70 percent of all the prisoners on death row in the United States are in the Deep South.

Time Running Out  
Benjamin Renshaw, director of the Bureau of Justice Statistics of the U.S. Department of Justice, reported last month that time is running out for a record number of those inmates who will soon exhaust their appeals.

"The United States will witness a spate of executions beginning in 1983-1984 without parallel in the nation since the Depression era," Mr. Renshaw predicted in the department's annual report on the subject.

Gov. Robert Graham of Florida has signed 36 death warrants in the last three and a half years, but only one death row inmate has been executed in the state in the last decade.

Groups Cooperate  
John Spenkelink died in the electric chair here on May 25, 1979. He is the only man so far to mount a legal battle against his death sentence under the new laws and lose. The four men killed in Utah, Nevada, Indiana and Virginia since the Supreme Court ban on capital punishment was lifted in 1976 all insisted to the end that they preferred to die.

Remembering the Spenkelink case, and faced with a mounting case load of such large numbers,

the Legal Defense and Educational Fund lawyers spend a great deal of time coordinating the search for willing lawyers with the few small regional and state organizations that are involved in opposing capital punishment. These groups include the Southern Prisoners Defense Committee in Nashville, Tenn., Millard Farmer's Team Defense Project in Atlanta, the Southern Poverty Law Center in Montgomery, Ala., the Florida Clearinghouse on Criminal Justice in Tallahassee, and the Prison and Jail Project in Durham, N.C.

Almost without exception, the people on death row are poor. Volunteer lawyers are essential to make their appeals. Mr. Bulger of the Legal Defense and Educational Fund said, because the states provide public lawyers for only a portion of the long and complicated appellate process.

In the midst of a perceived public clamor for executions — a minor candidate for governor in Georgia campaigned around the state with a mock electric chair towed on a trailer behind his car — the efforts of the volunteer lawyers on behalf of those convicted of murders are often not widely appreciated.

"These lawyers take on extraordinarily difficult, highly unpopular, emotionally charged cases on short notice," Judge Lynn C. Higby of the U.S. District Court for the Northern District of Florida wrote in an opinion last April, denying the relief sought by a volunteer lawyer, Stephen Bernstein.

"So long as the state of Florida persists in ignoring reality by refusing to provide defendants sentenced to death legal assistance in their collateral litigation," Judge Higby continued, "I hope for the sake of our judicial system, our constitutional guarantees and the rights of the defendants that there will be lawyers of Bernstein's caliber to help these defendants."

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Laura Clark in Houston after being placed on probation for possessing marijuana. Behind her is her attorney, Bill Portis.

## Texan Gets Probation For Pot in Her Garden

The Associated Press

HOUSTON — Now that she's been convicted of growing pot in her vegetable garden, 82-year-old Laura Clark says she doesn't "care about marijuana" and adds, "I'll never plant any more."

Jurors deliberated 20 minutes Tuesday and found the grandmother guilty of felony possession of a controlled substance. She was sentenced to two years of unsupervised probation, the most lenient penalty allowed. The maximum would have been 10 years in prison and a \$5,000 fine.

Mrs. Clark testified that a doctor in Mexico gave her the seeds and told her they were herbs. She said she intended to use the plants to make an arthritis lotion. She acknowledged that a friend, who saw the plants when they were about a foot high (30 centimeters), revealed their true identity. But she said she let them grow in good faith.

wouldn't have chewed it," she said after the verdict. "I was going to do what the doctor told me to do — soak the leaves in alcohol and put the juice on wherever I hurt."

Two plainclothes narcotics detectives said they arrested Mrs. Clark after they went to her house May 4, acting on an anonymous tip, and found five or six marijuana plants. A chemist testified that the marijuana taken from her garden amounted to 506 grams (18 ounces).

Mrs. Clark's lawyer, Bill Portis, dropped to one knee during final arguments and begged jurors to find the woman innocent. He said later that there would be no appeal.

Mrs. Clark had testified that she was reared in the Ozark Mountains of Arkansas and always had a garden. When she planted the seeds, she said, "I thought they looked like radish seeds. I knew when they came in they weren't."

مکان من الذحل



## SCIENCE

## At the Edge of a New World in Physics

By Walter Sullivan  
New York Times Service

GENEVA—Using a combination of machines and detectors built on a monumental scale, scientists are ready to launch into a whole new world of physics. In scope and complexity, their project bears much in common with missions into space.

The goal is to find what the scientists refer to as the missing "key-stone" in the family of particles that seem to constitute and control matter at the most basic level.

The celebrated key-stone is a triplet of particles that, it is believed, will fit into what otherwise appears to be an orderly theory of matter and the universal laws that govern it. These three relatively massive, though elusive, particles are known as W, Z, and H.

If scientists are indeed able to observe them, they will see for the first time the particles that carry one of the basic forces in nature—the so-called weak force. To do so, they will be using equipment, at CERN (the European Organization for Nuclear Research) in Geneva, that will generate energy levels no other machinery has ever achieved.

The search began more than 40

years ago. In the words of the experimenters, a successful outcome would represent the capture of "currently the most prized trophies in all physics." The particles are expected to materialize very briefly from the burst of energy released by head-on collisions of highly accelerated protons and their antimatter twins, antiprotons. Five machines will be linked to achieve the necessary energy.

## Four-Mile Circumference

The newest of these machines, the Super Proton Synchrotron, is four miles in circumference. It spans the Swiss-French border in a tunnel. Except for a few access buildings and vents, the rural landscape shows no sign of the high-energy events occurring far below.

In tests of the proton collider last fall, the energy produced was thought sufficient to produce the W and Z particles, but not enough of them to be observable. The concentration of impinging particles and collisions was too low.

Now, however, the intensity has been considerably improved. Carlo Rubbia of Harvard, who has played a leading role in developing the project, believes that, when the experiment begins running full blast in October, 10 W particles

and one Z particle should be seen daily. Those particles, sometimes referred to as "intermediate vector bosons," would complete the roster of those needed, according to current theory, to account for all the basic forces in nature except gravity.

Evidence from years of experiments indicates that all matter, at the most fundamental level, is composed of two types of particles, leptons and quarks. The leptons, or lightweights, consist of electrons, which encircle the nuclei of atoms; two heavier cousins; and three seemingly weightless particles called neutrinos. The quarks combine to form heavy particles such as the proton and neutron of the atomic nucleus.

For each of these particles, there exists a twin, opposite in electric charge or other such property. These are the particles of so-called antimatter. When matter and antimatter meet, they annihilate each other, releasing a highly energetic flash. In our galaxy, if not in the entire universe, matter predominates. However, antimatter can be created. In high-energy collisions, such as some that occur in nature and those that are planned in this experiment, the resulting flash of energy can materialize as a matching pair of matter-antimatter particles—for example, a proton and an antiproton.

Scientists believe that the fields controlling the behavior of all matter, such as gravitational or electromagnetic fields, exert their force through continuous exchanges of particles between the matter exerting the force and the matter affected by it. For example, the electromagnetic force binding atoms and molecules together is carried by photons. Gravity is thought to be carried by gravitons. In 1935 the Japanese theorist Hideki Yukawa proposed that two other forces acting only at distances smaller than atoms must operate in particle form.

The "strong force" that binds together particles of the atomic nucleus, he said, would be embodied in a moderately heavy particle, now called the meson. The "weak force" governs more subtle reactions, such as the radioactive disintegration of neutrons; it is what blows the neutron apart when it decays radioactively. And the weak force would be carried by a far heavier particle.

It is now believed that the weak and electromagnetic forces manifest the same underlying phenomenon, just as, a century ago, electricity and magnetism were reduced from two theories to a single unified theory.

The new theory regarding the weak force predicts that it is carried by three particles. Two would

be Ws, one positive and one negative, each with a mass of 79.5 GeV (which means that their mass, if turned into energy, would equal 79.5 giga, or billion, electron volts). The third would be a neutral Z particle of 90 GeV.

When two particles collide head on, after being accelerated in opposite directions, virtually all the collision energy becomes available for producing particles, some of which, at high energies, can be very massive. This is particularly true where matter and antimatter particles collide and are themselves converted into energy.

In recent years several laboratories have conducted such colliding beam experiments with electrons and their antimatter opposites, positrons, however, are far less massive than protons and, while the resulting collisions led to a wide range of important discoveries, their energy was not enough to produce W and Z particles. This, however, will not be the case with the Large Electron Positron machine, or LEP, which is scheduled for completion near Geneva in 1987. Its ring, almost 20 miles in circumference, will extend underneath the nearby Jura Mountains.

The electron-positron machines have demonstrated the possibility, within the same ring, of simultaneously accelerating particles and antiparticles in opposite directions. This can be done because they are of opposite charge. Radio waves that nudge particles of matter, such as electrons or protons, to higher energies in one direction around an accelerator ring will do the same in the opposite direction to their antimatter twins.

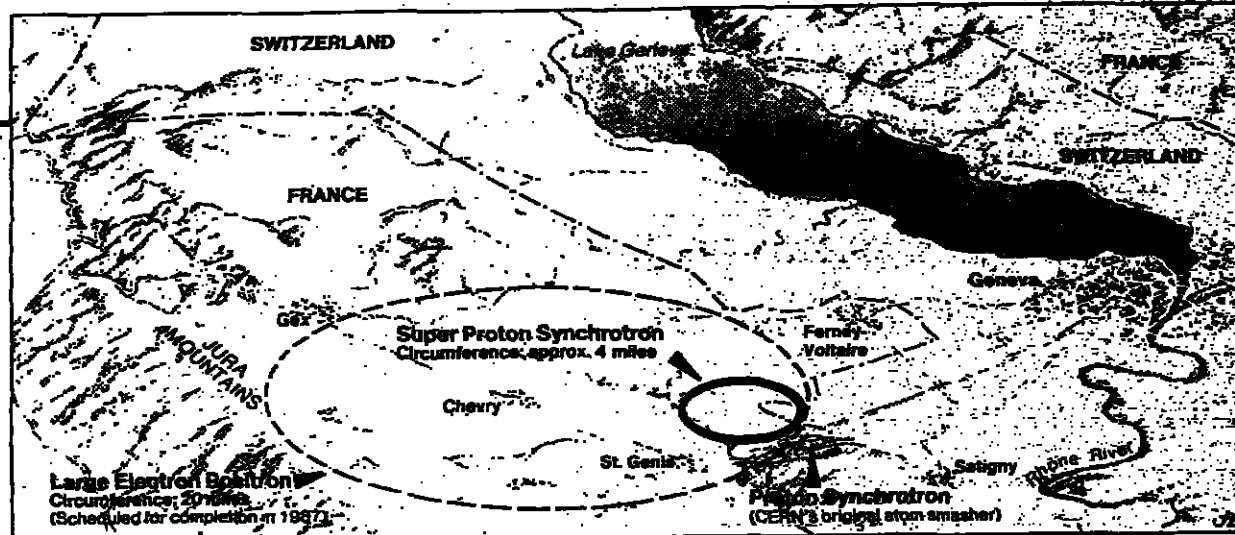
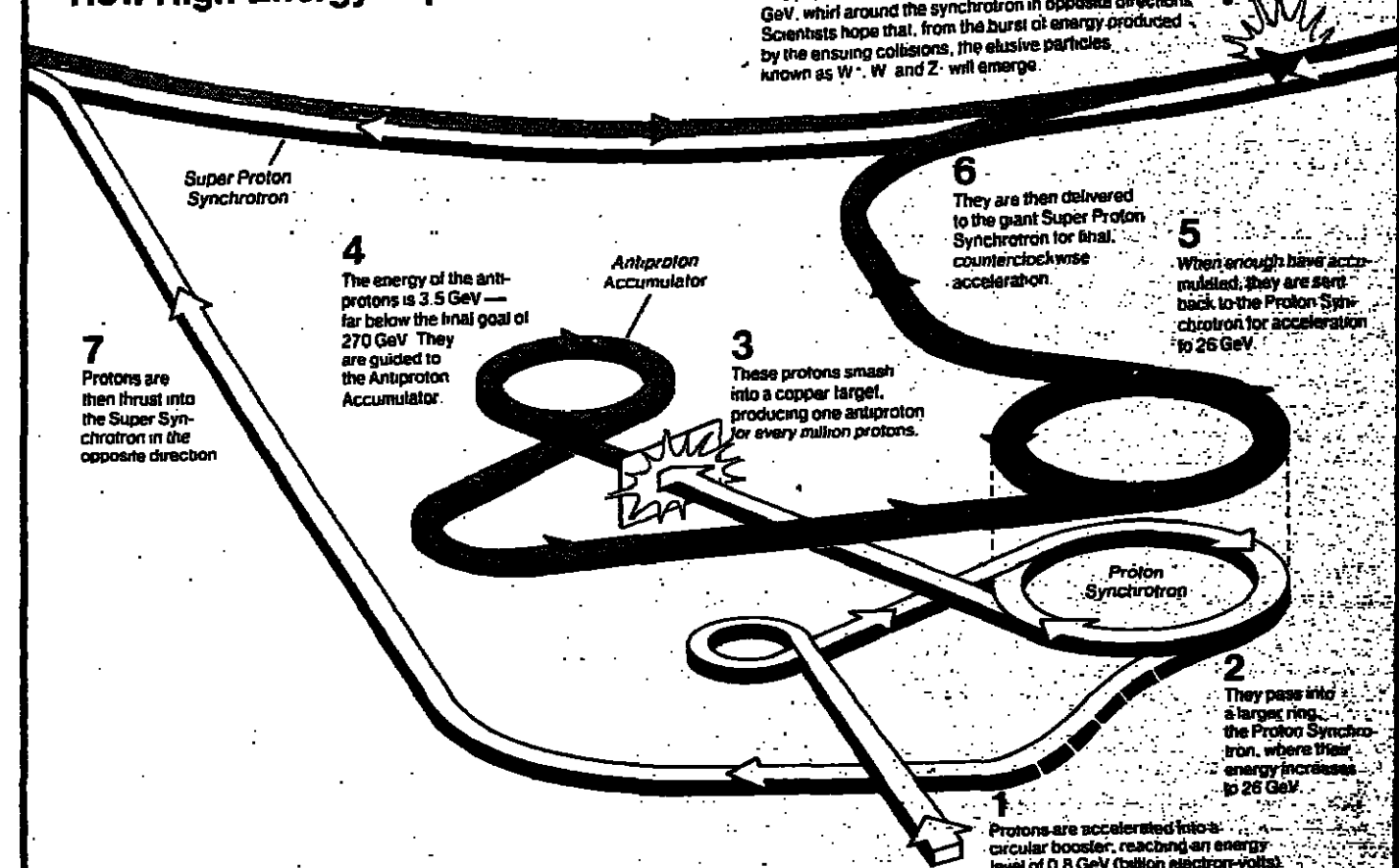
## Six-Month Delay

The project was delayed six months after dust was inadvertently sprayed into one of the \$20-million detectors. But once it gets under way again, opposing beams will be boosted to 270 GeV in the large ring of the Super Proton Synchrotron, after an elaborate series of preliminary steps. Protons will first be boosted down a straight path, or linear accelerator, to 0.05 GeV, and into a circular booster for acceleration to 0.8 GeV.

They will then be sent into the larger ring of CERN's original atom smasher—the Proton Synchrotron, completed in 1959—where their energy will be increased to 26 GeV. These protons will smash into a copper target, producing a spray of debris including a very small percentage of antiprotons—roughly one for every million impinging protons.

The energy of the resulting antiprotons will be only 3.5 GeV, far below the final goal of 270 GeV. They will be guided magnetically to a small ring, the Antiproton Ac-

## How High-Energy Experiment Works



By producing the highest-energy collisions ever achieved, scientists at CERN, near Geneva, hope to create long-sought particles that would help in efforts to understand the forces of nature.

cumulator. Every 2.4 seconds a new batch of antiprotons thus generated will be "stacked" in this ring. It will take about 24 hours to accumulate the several hundred billion antiprotons needed for a test run.

A key achievement has been devising a way to "cool" antiprotons in the accumulator. Although the cloud of particles is whirling around the accumulator at close to the speed of light, within the cloud the particles relative to each other are in random motion as though in a hot gas. This motion must be reduced to form a narrow beam. The

situation can be likened to a disorderly field of race horses galloping around a track. To a jockey on one horse the others seem to be moving in all directions. To correct such motion in the Antiproton Accumulator, a device on one side of the ring measures deviation of the particles from an ideal orbit, then sends a signal across the ring to a "kicker" that gives the beam an appropriate electric pinch.

When enough antiprotons have accumulated for a test run, they are sent back to the Proton Synchrotron for acceleration to that machine's maximum energy, 26

GeV. They are then delivered to the giant Super Proton Synchrotron for final counterclockwise acceleration.

The protons and antiprotons, circling 50,000 times a second in opposite directions and slightly different orbits around the four-mile ring, are then accelerated to 270 GeV. On each orbit they cross one another in two cavernous experimental areas equipped with giant devices to record what happens after collisions.

The expected production rate is only about one W or Z particle per billion collisions. The particles

should be very short-lived—less than a billionth of a billionth of a second—but should decay in various predictable ways.

According to current theory, decay products of the positive W will fly off predominantly forward, while those from the negative W will fly backward. Rubbia, David B. Cline of the University of Wisconsin and Simon van der Meer of CERN said in the March issue of Scientific American that observation of this effect will be taken as "strong evidence" that the sought particles have themselves been observed.

## Translating the Smile

By Paul Rachum  
The Associated Press

ATLANTA—There are grins, beams and smirks—1,814,400 ways in all to turn a frown upside down—and when the world smiles with you it can have a world of different meanings, Larry Stettner says.

Stettner, a psychologist at Wayne State University in Detroit, says smiling is complicated and important form of self-expression, and he believes that improved knowledge of it could have practical applications.

Besides, it feels good, Stettner said at a symposium on his favorite subject at a meeting of the International Primatological Society.

"It's like discovering a language system," he said. "I've become ensnared in working out the vocabulary of smiling." Stettner told the symposium that there are many different kinds of smiles—1,814,400, by his estimate. "That could be off by several hundred thousand," he added, not with a straight face.

He turned serious when explaining some of the practical applications of his work. "A lot of people are interested in smiles. People who study a foreign language, for example, ought to know what different smiles signify in different cultures. You learn a language but you don't learn the nonverbal language."

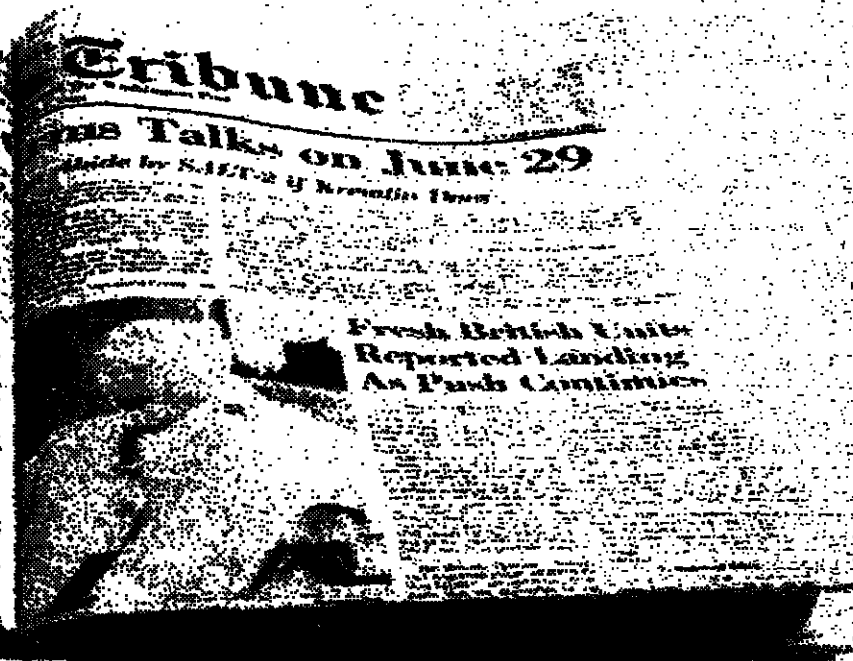
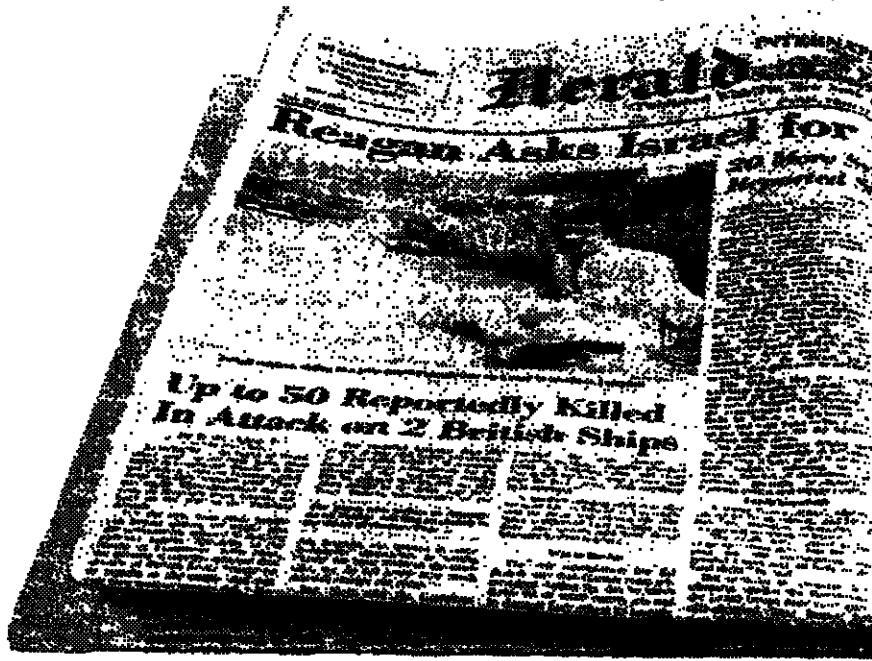
It can also be useful to know when someone is faking a smile. A colleague of Stettner's found on a recent trip to the Soviet Union that the KGB was very interested in knowing how to spot a false smile. They questioned him in detail about his work. Dentists and plastic surgeons would like to know more about smiling so that they can repair teeth and faces without changing the meaning in a patient's smile.

Stettner would like to determine which components of smiles—raised eyebrows, wrinkled noses, crow's feet around the eyes, for example—are universal and which are regional or peculiar to certain cultures.

Most of what is known about smiling comes from studies of infants and their parents. Sidney Perloe of Haverford College in Pennsylvania tried to determine why fathers tend to smile less at the antics of babies than mothers do.

It had been thought that fathers had less reason than mothers to develop rapport with infants because fathers play a smaller role in nurturing the infant. But Perloe found that males are less likely to smile simply because they are more aware that they are being watched by other adults and may fear that smiling at babies might be unbecoming.

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# BUSINESS / FINANCE

THURSDAY, AUGUST 26, 1982

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## BUSINESS BRIEFS

### Electrolux Weighs AEG Acquisition

STOCKHOLM — Electrolux, the Swedish maker of home appliances, is exploring the possibility of acquiring the major household appliance business of AEG-Telefunken, the insolvent West German electrical group, according to Electrolux Managing Chairman Hans Werthen.

Mr. Werthen said that Electrolux had been in contact with AEG-Telefunken and was studying the possibilities of a takeover. But any decision would not be made for several months at the earliest, he said.

The units under consideration are three AEG-Telefunken subsidiaries that have filed for reorganization. They are AEG-Telefunken Hausgeräte, a maker of small appliances; Zaner and Neff-Werke, both makers of refrigerators and other kitchen equipment.

### Intel, Siemens Production Accord

ISELIN, N.J. — Siemens of West Germany and Intel of the United States said Wednesday they will cooperate on an advanced generation of telecommunications circuits as an extension of an existing microprocessor agreement between the two companies.

The companies said the agreement specifies that certain advanced generation products of the two companies will be made compatible. It also provides that both companies will have the right to manufacture each others components.

### Quick Acquires Specialist Brokerage

NEW YORK — Quick & Reilly, the second-largest U.S. discount brokerage firm, said Tuesday it had acquired for \$2.8 million the assets of Colin Hochstet, a small institutional brokerage and specialist in trading the stocks of 20 companies on the New York Stock Exchange.

The acquisition came 10 days after Justin Colin, a senior partner in Colin Hochstet, filed for protection from creditors under Chapter 11 of the Federal Bankruptcy Act and resigned from the firm. Approval of the \$2.8 million acquisition came after competing bids were made over the weekend by Carl Icahn, the New York financier.

Leslie C. Quick Jr., president of Quick & Reilly, said his company's main interest in Colin Hochstet was its "specialist's book" — meaning the 27 stocks in which it has made a market on the floor of the New York Stock Exchange. "We've never been a specialist and we've been in the market to acquire one for a year and a half," Mr. Quick said.

### Global's Bid for McFarlane Blocked

NEW YORK — A federal court has issued a temporary restraining order against the acquisition of McFarlane Oil by Global Natural Resources, a dissident committee said Wednesday.

The dissident group, which is headed by Bear Stearns & Co., said the federal district court in Cincinnati enjoined both Global and McFarlane from voting or attempting to vote any shares of Global issued to the owners of McFarlane at Global's annual general meeting scheduled for Sept. 13.

Last June, Global proposed to acquire McFarlane for \$44 million in cash and stock. The committee said Global made false and misleading statements and omitted material facts, including the true value of McFarlane, in connection with the acquisition.

### Bethlehem Steel Shuts Down Plant

BETHLEHEM, Pa. — Bethlehem Steel said Wednesday that it will shut down on Sept. 17 the electric furnace meltshop, primary mills and steel preparation facilities at its Johnstown, Pa., plant. About 700 employees will be affected by the closings.

Bethlehem Steel said the curtailment of steelmaking at Johnstown was intended to bring steelmaking operations and inventories in line with projections of an extended period of low steel demand. The length of the shutdown will depend upon business conditions but most likely will extend through the rest of the year, it said.

## France Vows Continuation Of Restraints

PARIS — France's Cabinet, under domestic and foreign pressure to prove it can halt France's economic slide, said Wednesday that it is sticking to its four-month austerity program aimed at curbing inflation and state spending and boosting production.

At a Cabinet meeting, Prime Minister Pierre Mauroy and Finance Minister Jacques Delors stressed the need for restraint and sacrifice, cornerstones of the Socialist government's policy since it imposed a wage and price freeze in June.



Jacques Attali

The austerity program, due to expire Oct. 31, has been strongly opposed by most trade unions, and Mr. Mauroy asked union leaders on Wednesday to moderate wage demands until the end of 1983 to help reduce inflation.

While the Cabinet met, the franc again was squeezed lower on foreign exchange markets, reflecting international pessimism over the country's economic outlook. The Bank of France sold about 25 million Deutsche marks to bolster the franc after it fell to a record low of 2.82 to the mark in early trading.

The Finance Ministry denied rumors on international markets that France was planning to withdraw from the European Monetary System as an alternative to further devaluations. It pledged continued French commitment to the EMS, which links most major West European currencies.

Economists say the success of the government's austerity policy will depend on whether the government can convince employers and unions to accept further restraint after Oct. 31.

According to presidential spokesman Jacques Attali, Mr. Mauroy told the Cabinet that price and income restraint and curbing state spending were among the government's priorities until the end of the year.

Mr. Attali said the government was also pursuing its drive to reduce unemployment — now static

at just over two million — by boosting production. Public and private investment would continue to be directed into key industries, Mr. Mauroy said.

Mr. Delors said service and manufacturing industries would be asked to sign anti-inflation agreements until the end of 1983. The state would keep rises in public charges below eight percent next year, he said.

Mr. Attali said companies that cooperated in fighting inflation would be allowed to fix prices competitively.

Economists have said that basing salaries on production, for example, could prove a stumbling block for the government, as some trade union leaders have already stressed they will not forego the right to free collective bargaining after the freeze.

Employers are opposed to further price restraint, arguing that they are being forced out of business.

The government will hold talks with different industrial and professional sectors on longer term policy after the end of the wage and price freeze, Mr. Attali said.

And in a move to encourage activity on the Paris Bourse, the Cabinet said it planned to continue the "Monetary Law" tax concession for people aged over 50. The law, due to expire at the end of this year, allows purchases of shares up to 5,000 francs to be set against taxes.

## Oil Stocks Lead Rally On NYSE

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange, aided by strong oil issues, overcame a sputtering start and closed sharply and broadly higher Wednesday in heavy trading.

The Dow Jones industrial average was up only a few points most of the morning but then rose more than 16 points in the afternoon and closed up 9.99 points at 854.89. Advances overwhelmed declines by a 12-to-4 margin.

Volume reached 106.2 million shares, below Tuesday's 121.7 million but still the fourth largest total on record.

Analysis said rumors of a discount rate cut were the immediate cause of the rally. The discount rate, on funds loaned by the Federal Reserve to banks, is currently at 10 1/2 percent and has been reduced three times in the last two months.

The discount rate is read as a signal of Fed policy and analysts said a fourth reduction in the rate would demonstrate that the central bank is committed to relaxing credit restraints.

Analysts said institutional money managers swung into action along with the smaller investor when they saw early profit taking was not going to drive prices sharply lower. No one wanted to be left out of the rally.

As has been the case throughout, blue-chip issues were leading the afternoon surge that followed an earlier consolidation of activity of the past week and a half.

Analysts were somewhat divided in their predictions of the Dow Jones average's direction during the next few weeks.

Leonard Segel, a vice president of New York-based Josephthal & Co., projected that the average would "retrace" between one-third and one-half of its latest gain.

But Alfred E. Goldman, an analyst with A.G. Edwards & Sons of St. Louis, said of the Tuesday dip in the average: "It looks like the freight train just slowed down to take on some fuel, but it didn't derail."

Controversial market forecaster Joseph Granville, who had been rumored to be changing his recent gloomy pronouncements, instead warned subscribers to his newsletter that he had not changed his "bearish opinion one iota."

Mr. Granville, whose much-publicized predictions have been credited with sparking major market moves in the past, said stocks today present "a selling, not a buying opportunity."

Observers said oil stocks strengthened in the afternoon following Iraqi claims its warplanes bombed the main Iranian oil terminal at Kharg Island on the Persian Gulf, scoring direct hits.

Among the oil issues posting gains were Exxon, up 1 1/4 to 29, Atlantic Richfield, up 2 1/4 to 38 1/2, and BP, up 1 1/4 to 20 1/4.



New York Stock Exchange workers booking stock orders.

## NYSE Handles Volume, Handily

By Leonard Sloane

New York Times Service

NEW YORK — With the record-shattering stock market volume of recent days came the question of whether the stock exchanges and the brokers could keep up with the paperwork involved. The answer was a solid yes.

With hardly a ripple, the New York Stock Exchange handled 455.1 million shares last week — more than were traded in all of 1953 — including a record 132.69 million shares on Wednesday. On Monday and Tuesday of this week, volume has exceeded 100 million shares a day.

Virtually all the orders — about 82,000 on the record-volume day alone, including almost 2,500 blocks of 10,000 shares apiece — have been handled without a hitch. Such large volume, of course, also means large commissions for Wall Street brokerage firms.

Tuesday was the settlement day, when sellers had to deliver securities and buyers had to deliver cash, for trades that took place Aug. 17. That was the first day of the five in the last two weeks in which more than 90 million shares were traded.

Yet because of upgraded electronic trading and communications equipment, early reports indicated that the process was completed without undue strain on Wall Street personnel or equipment.

"I haven't seen any systems breakdowns, I haven't seen any machinery breakdowns, and I haven't seen any electronic breakdowns," said Samuel A. Alward, the NYSE senior vice president for operations and finance.

### A Look at the Future

"If Congress and the SEC [Securities and Exchange Commission] wondered what a national market system should look like, they've seen a marvelous example at the New York Stock Exchange," said Donald Stone, a vice chairman of the exchange and a senior partner of the specialist firm of Lasker, Stone & Stern. The congressional-mandated national market system for trading securities, linking the exchanges and over-the-counter market, has slowly been evolving under SEC auspices.

The NYSE did ask its floor employees to arrive

(Continued on Page 9, Col. 1)

## Dresser Agrees to Buy Harvester Unit

Compiled by Our Staff From Dispatches

CHICAGO — International Harvester said Wednesday it had agreed in principle to sell its construction-equipment business to Dresser Industries.

Terms of the cash transaction were not disclosed, but analysts put the value of the construction unit, which accounted for 10.6 percent of Harvester's 1981 sales of \$7 billion, at between \$150 million and \$300 million.

Some analysts had questioned whether Harvester would ever find a buyer for the division, and were surprised at the Dresser bid.

"It was a surprise to me. I didn't think it was going anywhere," said John McGinty, who follows Harvester for First Boston. "I'm surprised that anybody wanted it. The price must be incredibly cheap."

Mr. McGinty said the price was hard to guess because it was unclear how much of the division's outstanding receivables and unfunded pension liabilities —

thought to be about \$350 million — Harvester had retained.

A day earlier, West Germany's IHB Holding said disagreements over terms, particularly the pension liabilities, caused it to end discussions with Harvester on purchasing the construction equipment unit.

Harvester has been trying to sell the division as part of a sweeping reorganization. The recession in the construction business has severely constricted the division's sales.

In another move to raise cash, Harvester said Tuesday it will sell for cash its 30-percent equity interest in Steiger Tractor to Deutz, the U.S. unit of West Germany's Klöckner-Humboldt-Deutz. Harvester did not disclose the price for its one million shares of Steiger common, currently trading at \$6.25.

Harvester said the decision to sell its Steiger interest reflects the

company's plan to dispose of its underutilized assets and redirect these additional resources to its core businesses of trucks and agricultural equipment.

Harvester has forecast that its loss for all of fiscal year 1982 will exceed \$900 million. The company is also seeking concessions from lenders to help shoulder its \$4.2-billion debt load.

Harvester said Dresser, a Dallas-based supplier of oil field and construction equipment, will buy its construction equipment plants at Libertyville, Ill., and Candiac, Quebec, and assets of other facilities. Dresser would continue to make IH products, which include wheeled and crawler tractors and loaders and scrapers, under the International, Payline and Hough names.

Mr. McGinty said Dresser could make the IH division profitable if it severely cut down the number of products being offered.

## Bendix Makes Bid Of \$1.5 Billion for Martin Marietta

Compiled by Our Staff From Dispatches

SOUTHFIELD, Mich. — Bendix announced Wednesday that it intends to acquire all the common stock of Martin Marietta in a bid valued at more than \$1.5 billion.

Bendix, a worldwide manufacturer for the aerospace, electronic and automotive industries, said that it was making a tender offer of \$43 per share for 45 percent of the stock of Martin Marietta, a leader in the U.S. space and defense field.

The tender offer is a first step intended to lead to a combination of the two companies, a statement issued by Bendix said.

Bendix also said it intends to follow the offer, which has a Sept. 4 deadline, with an exchange of Bendix shares for the remaining Martin Marietta stock at a rate of 0.82 share of Bendix stock for each share of Martin Marietta. Martin Marietta has 35.6 million shares outstanding. Bendix currently owns 4.5 percent of Martin Marietta's stock.

The offer represents a substantial premium for Martin Marietta shareholders over current market prices. Bendix said Martin Marietta stock gained \$6.125 a share Wednesday on the New York Stock Exchange to close at \$39. Bendix shares lost \$2.50 to \$35.

Bendix said it plans to finance the tender offer from internal sources and existing credit arrangements. William Agee, Bendix chairman and chief executive officer, said the management of Martin Marietta was informed of the offer in a letter delivered Wednesday morning.

Bendix said that in redeploying its internal resources to finance the

offer, it had no intention of reducing its holding of more than 7 percent in RCA.

When it acquired that holding in March, there was an acrimonious exchange of letters between Mr. Agee and RCA Chairman Thornton Bradshaw, in which the latter successfully fended off any further wooing on the part of Bendix.

Mr. Agee at that time indicated his desire to use some of the mountain of cash Bendix held — \$572 million at the time of their last annual report — to acquire a high-technology company.

Mr. Agee said the merger would contribute to a stronger national defense through greater financial resources, by broadening the base of technological skills and through more stable earnings in a more diversified defense enterprise.

Bendix has annual sales of more than \$4 billion while Martin Marietta's are more than \$3 billion.

Mr. Agee said he hopes that Martin Marietta management would remain with the combined company and that some directors at the Maryland company would want to join any combined board.

Bendix also said it has instituted proceedings in federal courts in several locations, including Maryland, in an attempt to block enforcement of certain state laws that could halt the tender offer.

A spokesman for Martin Marietta said the company was studying the offer. Analysts said that the company will probably fight the bid.

"My judgment is that Martin Marietta will object strenuously to this," said Elliot Fried of Shearson/American Express.

Earlier this week, Nissan Motors, Japan's second-largest automaker, announced it had signed a long-term agreement to obtain assistance from Martin Marietta in space and weapon technology.

A Nissan spokesman said that in return for Martin Marietta's assistance in the technology, Nissan, makers of Datsun cars, is "considering" helping the U.S. company in the field of industrial robots.

Martin Marietta builds Titan intercontinental ballistic missiles, Pershing intermediate range ballistic missiles and Patriot surface-to-air missiles.

## CURRENCY RATES

Interbank exchange rates for Aug. 25, excluding bank service charges.

Unit	Rate	Unit	Rate	Unit	Rate	Unit	Rate	Unit	Rate
American dollar	2.48	Swiss franc	2.00	Japanese yen	163.00	British pound	1.63	French franc	6.55
West German mark	3.36	Italian lira	2036.00	Spanish peseta	166.64	Dutch guilder	3.60	Belgian franc	33.36
Portuguese escudo	200.48	Irish pound	7.88	Australian dollar	1.48	New Zealand dollar	1.48	South African rand	1.48
Israeli sheqel	3.48	Israeli sheqel	3.48	Israeli sheqel	3.48	Israeli sheqel	3.48	Israeli sheqel	3.48

Currency	Per U.S.	Currency	Per U.S.	Currency	Per U.S.	Currency	Per U.S.
British pound	0.627	Swiss franc	0.476	Japanese yen	0.006	French franc	0.153
West German mark	0.336	Italian lira	0.000025	Spanish peseta	0.006	Dutch guilder	0.260
Portuguese escudo	0.005	Irish pound	0.127	Australian dollar	0.676	New Zealand dollar	0.676
Israeli sheqel	0.287	Israeli sheqel	0.287	Israeli sheqel	0.287	Israeli sheqel	0.287

(\$ Starting: 1.3416 Irish L.) Amounts needed to buy one pound, (\*) Units of 100, (\*\*) Units of 1,000.

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These bonds are redeemable at par and cease to bear interest on September 15th, 1982.

The amount remaining outstanding from September 15th, 1982 on will be Lux.Fcs. 250,000,000.-.

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# Tighter Borrowing Climate Is Seen by World Bank Unit

By Robert Rowen  
Washington Post Staff Writer

WASHINGTON — Developing nations will find it difficult to borrow money in the next year or two because of the depressed state of the world economy and the condition by many commercial banks "that they have reached their lending limits in certain countries."

This pessimistic assessment of the short-term investment climate is a central theme of the annual report of the International Finance Corp., the World Bank affiliate that finances projects through the private sector of developing countries.

"I don't see a drastic turnaround in the overall economic situation in the world," Executive Vice President Hans A. Wuttke told reporters in commenting on the report. "I hope I'm wrong, but we don't think that the investment climate in the industrial countries and developing countries will be the one we'd like to have."

The poor borrowing countries not only will face greater competition for funds, but also will have to pay interest premiums over the interest charged to more advanced nations, the report said.

But Mr. Wuttke held out the hope that, after 1983, the private sector, along with the IFC, "will be a leading factor" in stimulating economic growth in the Third World. He added that the IFC will continue to try to "convince [borrowing] governments to get out of certain activities and let the private sector come in." He cited petroleum exploration as one example.

IFC loans must be made to private-sector companies and be managed by them, must be "economically and commercially viable," and must turn a profit for the IFC, Mr. Wuttke said. In addition, loans must serve "the development objectives" of the host country.

More and more, countries that have been hostile to private investment, including Socialist and

Marxist states, "have learned their lesson, and now ask the private sector to help," he said. He cited especially some countries in Africa that "didn't allow the private sector to do anything" and India, Yugoslavia, and Brazil as examples of where the attitude has changed.

Over the next 12 to 18 months, commercial banks are likely to impose more rigid limits on how much they will lend to each country, Mr. Wuttke said. And where they do lend, the spreads will be rising.

The IFC has a total of \$132 million in 15 Mexican projects ranging from tourism to mining and petrochemical production.

The IFC reported its net income rose in the year ended June 30 to \$21.6 million from \$19.5 million the previous year. IFC activities in fiscal 1982, a year of "lackluster economic growth," increased only modestly — from 56 projects last year to 65 in the most recent year, involving loans of \$612 million.



Hans A. Wuttke

The total capital cost of the projects was \$2.9 billion.

"We do not rush into investments in order to make big numbers," Mr. Wuttke said. "We have to be careful, because we don't see the world getting out of the present turbulence."

# U.S. Carmakers Aim at Affluent Buyers

By John Holusha  
New York Times Service

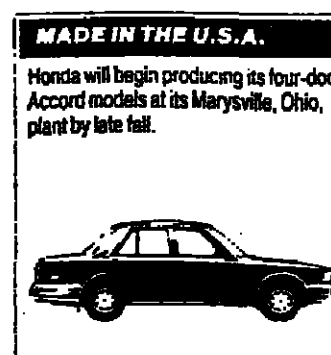
DETROIT — The hoopla of September that once ushered in the new model year here is long gone. Trying to make the best of a market that has stubbornly refused to respond to three years of rebates, new models and advertising blitzes, car makers have stretched the season for introducing new cars to the point where it is now as long as a Detroit winter.

While this September will bring some new offerings, it will be marked more by marketing wrinkles and luxury models rather than breakthroughs, and the introductions will continue through the spring of 1983.

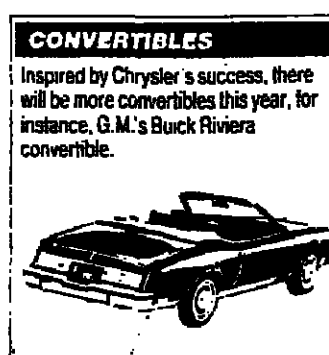
One of the few new developments will be the appearance of another domestic auto manufacturer on Nov. 1, when Honda Motor plans to start production of its 1983 four-door Accord models in Marysville, Ohio.

Detroit, deep into its fourth year of depression, had a relatively good August last year, but the latest sales figures are dismal.

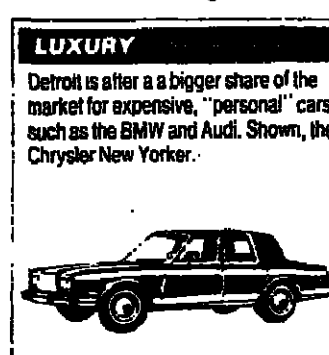
Even the fuel economy issue, shoved aside by continuing availability of gasoline and stable prices, will not serve as a sales pitch.



MADE IN THE U.S.A.  
Honda will begin producing its four-door Accord models at its Marysville, Ohio, plant by late fall.



CONVERTIBLES  
Inspired by Chrysler's success, there will be more convertibles this year, for instance, G.M.'s Buick Riviera convertible.



LUXURY  
Detroit is after a bigger share of the market for expensive, "personal" cars such as the BMW and Audi. Shown, the Chrysler New Yorker.

going on the highway," said Maryann Keller, an auto analyst with Paine, Webber, Mitchell Hitchens. "It's like high-fashion clothes. Everybody is trying to create distinctions, using radical styling features, turbosuperchargers, high-torque suspensions and so forth. You have to do more than badge engineering today."

"Badge engineering" is a term used to describe the auto industry's practice of putting the name of different divisions on essentially the same car, such as Ford's Escort and Mercury Lynx or the "J" body cars that are sold by all five of GM's automobile divisions.

The first new model in the 1983 line will be American Motors' Renault Alliance, the U.S. version of the Renault R9.

Ford, which has lagged behind GM in introducing new products, will begin to catch up this fall, although its strongest offering will not come until later in the model year.

compete with the successful GM intermediate "X" car line and are expected to help Ford regain some of its market share, which dropped to 16.6 percent last year from 23.6 percent in 1978.

Rounding the Box  
In September, Ford will replace most of its full-sized models (the top-of-the-line models will be retained) with a downsized model whose styling emphasizes an aerodynamic look, a sharp break from Ford's boxy cars of the past. At the beginning of 1983 Ford will introduce redesigned personal luxury cars to compete with GM.

"This is probably the most important product year for Ford since 1949," said Philip E. Benton Jr., Ford's vice president for sales. "We are clearly stepping out in front from a design point of view and that always carries an element of risk. We simply feel there are more buyers for aerodynamic than boxy."

Chrysler will also try to move up into the family-car market, dominated by GM models, with its new "E" body cars — the automaker's fourth-generation and largest front-wheel-drive car. The "E" cars

## Sales of New Cars Tumble in U.S.

Compiled by Our Staff From Dispatches  
DETROIT — New car sales in the United States plunged 34.6 percent in mid-August from a year earlier, hitting a 21-year low and prompting Ford, Motor and Chrysler to announce that they are cutting interest rates on some new-car loans.

The automakers' action Tuesday reflects that interest rates on auto and most other consumer loans have not begun to decline as have many other rates. The bank prime lending rate has dropped to 13 1/2 percent in the past two months, but most banks still charge 18 percent on auto loans.

Analysts said it could be two more months before auto loan rates offered by banks begin to edge down. Ford President Donald E. Petersen said recently that it will probably be six months before the decline in prevailing interest

rates translates into a significant increase in auto sales.

The prolonged slump in new-car sales was continued in the sales figures for August 11-20 reported Tuesday by U.S. manufacturers.

The large year-to-year percentage drop, paced by a 39.5-percent decline at General Motors, partly reflects that August, 1981, was the strongest auto sales month of 1981. Domestic car sales in the year-to-date period surged to an 8.1-million annual rate, helped by a cut-rate loan offer by GM.

The latest sales results were equivalent to a seasonally adjusted annual rate of 5.1 million domestic cars, about the same as in July, and thus were regarded as a continuation of the industry's slump, rather than a sudden new deterioration.

"There's nothing near-term out there, that I can see, to cause demand to break out," said Harvey Heinebach, an automobile analyst for Merrill Lynch, Pierce, Fenner & Smith. "But if interest rates stay down, it should start to show up in auto sales in the fourth quarter, in terms of lower rates to the consumer and greater availability of money."

Sales at Ford, despite continuing dealer-incentive programs, declined 19.7 percent from the same period last year; Chrysler's slumped 29.6 percent and Volkswagen of America reported a 49.8-percent falloff. The decline at American Motors, which does not report 10-day sales, was estimated at 37 percent.

The daily selling rate was 14,662 — the lowest since 1961, when the rate was 14,475. In the same period last year, the five companies sold 131,956 cars, at a rate of 22,559 a day.

## NYSE Takes High Volume In Its Stride

(Continued from Page 7)

at 8:30 a.m. a half-hour early Tuesday, but Mr. Alward called it a precautionary measure in case small orders created a backlog in matching buy-sell orders. Much of the recent trading has been made by institutions, and in large blocks.

In contrast to the current situation, just a decade or so ago far lower volume could send Wall Street back offices, where transactions are matched up, into a tizzy. The industry was so swamped by paperwork in 1968 and 1969 that the NYSE was forced to close one day a week and an hour early every day to handle it.

Even as recently as last year, days of peak volume continued to be a severe burden. When Joseph Granville issued his famous "sell" signal on Jan. 7, 1981, and 92.9 million shares changed hands, Wall Street was awash in overtime.

One measure of the industry's ability to handle the huge turnover in the last few days is the decline in the rate of disagreements between traders. The NYSE uses two such measurements: An initial uncompleted rate, or percentage of trades in which the two parties disagree as to price or volume one day after the trade, and question-able trades, or QTs, the percentage in which there is disagreement three days after the trade.

Fewer Fights  
In the late 1960s, according to the NYSE, the uncompleted rate was higher than 12 percent and the QT rate greater than 7 percent. Last Wednesday, the peak volume day, the uncompleted rate was 6 percent and the QT rate was 2.7 percent.

"It was no accident that there were not any major problems," said Mr. Alward, the exchange staff official responsible for the trading floor. "This was a result of planning and implementation in the last couple of years."

Underlining this dependence and planning was the establishment of a trades comparison committee by the NYSE a few years ago to determine what changes would be necessary to handle the anticipated rise in volume. The word was put out that both the exchange and its member firms had to be prepared to handle a peak volume of 150 million shares a day and a sustained volume of 90 million shares a day by the end of 1981.

To do so, a series of automated systems to handle increased turnover was instituted or improved. In a two-year period, the exchange invested \$70 million in its 11 electronic systems and physical changes on the floor, including the installation of 14 modern trading posts to replace 22.

More and More  
The limit order system, which electronically files orders for stocks that are to be bought or sold at a specified price, and the opening automated report service, or OARS, which facilitates accurate processing of orders received before the opening bell, has also helped.

For the brokerage, computerization has accelerated in the last three years. For instance, Norman Epstein, executive vice president of E.F. Hutton, said that his company had spent "several million dollars" for electronic data-processing equipment to handle large volume. "We had a definite obligation to normalize our operations at 100 million shares a day on a sustained basis," he said.

Now that the 150-million-share mark has almost been reached, the exchange and the firms are setting their sights on days of 200 million to 250 million shares.

## Cities Service Board Meets Anew To Consider Offer by Occidental

The Associated Press

NEW YORK — The New York Stock Exchange halted trading in Cities Service stock Wednesday when the company said it planned an announcement after its directors met in an emergency session to discuss possible merger partners.

Cities stock was last traded Tuesday at \$45, a gain of \$2.25 from the day before.

Kent Young, a spokesman for Cities in New York, said the directors were meeting to consider further a \$50-a-share tender offer from Occidental Petroleum. The directors rejected the offer Monday as inadequate but stopped short of recommending to Cities shareholders that they tender their shares.

Mr. Young said the board also was discussing proposals from other companies that had expressed interest in buying part or all of Cities' assets.

Gordon Recto, a spokesman at Occidental's headquarters in Los Angeles, said the company had no comment in advance of the latest Cities board of directors meeting.

At least 20 companies in addition to Occidental are believed to have approached Cities about the possibility of acquiring assets of the Tulsa, Okla.-based energy company.

When Cities rejected the Occidental offer Monday, Cities Chairman Charles Waidelich said in a letter to shareholders that he believed the company could find "a better alternative" to Occidental's offer.

Mr. Waidelich had said Cities received "serious expressions of interest, and in some instances, proposals from several companies with respect to the possible purchase of certain segments of its business." He did not name the companies.

Amerada Hess disclosed earlier this week that it was obtaining financial data from Cities to study the possibility of making a bid for Cities' refining, marketing and transportation assets. Amerada Hess did not say it planned a formal offer.

While the Cities directors have given Occidental the cold shoulder, they remain under great pressure to find an alternative buyer. The price of Cities stock fell sharply when Gulf Oil backed out of a merger agreement with Cities earlier this month, and Mr. Waidelich said he might liquidate the company to avoid a further collapse in the stock price if no other merger could be arranged.

Cities is attractive to many oil companies for its domestic oil and natural gas reserves, its natural gas pipeline subsidiary and its refining and marketing operations. The company ranks as the 20th-largest U.S. oil company, with sales last year of \$8.6 billion.

## S. African Executive Quits Mining Company

Reuters

JOHANNESBURG — The head of South Africa's second-largest mining group, Wim de Villiers, announced his resignation Wednesday after a bitter power struggle among Afrikaner business giants.

He said he was retiring two years earlier than planned as executive chairman of General Mining Union Corp. because of "sustained personal hostility" toward him by the head of the Sanlam financial empire.

Sanlam, one of South Africa's biggest financial conglomerates, controls 51-percent of Federale Mynbou, the holding company for General Mining.

Conditions  
General Mining, second only to Anglo American Corp. in South African mining, said Mr. de Villiers would go on leave next month pending his retirement at the end of November.

The corporate power battle involved not only General Mining and Sanlam but also the multinational tobacco empire Rembrandt, which holds 30 percent of Fedmynt. All are part of the successful Afrikaner drive for business as well as political power since South Africa became a republic in 1961.

Mr. de Villiers blamed what he called "sustained personal hostility" by the outgoing Sanlam chairman, Andreas Wassenaar, the 74-

year-old Afrikaner industrialist who has ruled the powerful financial group for 15 years.

Their quarrel, according to business associates, began over Genco's refusal to finance a computer company of which Mr. Wassenaar's son was managing director.

Friction  
Mr. de Villiers said the personal difference had spiraled into corporate matters. The row had led to Mr. de Villiers' earlier resignation as vice-chairman of Sanlam. Mr. Wassenaar had also sought to oust him as executive chairman of Genco.

After denying that Rembrandt had plotted with certain Sanlam-appointed directors to win control of Genco, Mr. de Villiers complained of continued harassment and said the situation had become untenable. He added, "It is not possible for me to manage Genco to the best of my ability and judgment in the interests of all its shareholders."

Business commentators said Mr. de Villiers' departure could allow Sanlam, the most powerful of the three groups involved, to exercise detailed control of Genco.

Ted Pavitt, a well-known gold mining executive, was named as the new executive chairman of Genco.

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## DKB ECONOMIC REPORT

August 1982: Vol. 11, No. 8

### Japan's industrial production continues to lose momentum as exports keep declining

As the economies of the U.S. and other industrialized countries of the West continue in the doldrums, corporate results there are deteriorating, with unemployment and protectionist moves worsening. Japan's exports under the circumstances continue to decline, and in the absence of a strong pull of domestic demand, the shadow of stagnation appears darkening.

In July, there were two major developments in the U.S. economy — a cut in the discount rate and the announcement of the second quarter GNP gain. But they have had no significant dent on the Japanese economy.

The Federal Reserve Board's 0.5 percent slash of the discount rate to 11.5 percent on July 20, accompanied by cuts in commercial banks' lending rates, pushed up the yen rate to less than 250 against the U.S. dollar momentarily. The turnaround, however, has not led to the view that the Japanese currency will make a straight recovery because the prospect is for U.S. long-term interest rates to remain resistant to any significant drop in the future due to high risk premiums that reflect deteriorating corporate results.

The Commerce Department reported on July 21 that the second quarter GNP rose by a seasonally-adjusted annual rate of 1.7 percent after two periods of decline. Since the gain was primarily brought about by a sharp reduction in the pace of decrease in inventory investment, it was not taken as indicating a genuine recovery of the U.S. economy. Should it turn upward in the future, the recovery will be very moderate or short-lived because interest rates look likely to remain at a high level due to massive budget deficits.

Prolonged stagnation of the economies coupled with persistent high interest rates are beginning to seriously affect corporate performances in the U.S. and other Western countries.

Deteriorating corporate performances in those countries are aggravating unemployment

further. Unemployment in the U.S. in June remained high at 9.6 percent, while that in West Germany at the end of May soared to 7.5 percent from the January-March average of 6.8 percent. These trends, resulting in heightened social tensions, continue to adversely affect Japan's exports which have been on a downturn since last autumn.

Weakness in exports  
Seasonally adjusted exports on a customs clearance basis peaked out last October and have since been on a clear downward trend. During the first 10 months of last year, exports were on a moderate downturn of an annual rate of 1.5 percent or so, but thereafter, the downturn accelerated to an annual rate of 11 percent or so.

Compared with a year earlier, exports (measured in dollar value) in June dropped 8.1 percent, the fifth consecutive month of such a decline.

As a result, the value for the first six months of 1982 came out 3.6 percent less than that of the corresponding period of 1981, the first such decline in six years and a half.

Slack domestic demand kept imports in June depressed — down 11.0 percent from a year earlier. The total for the first half of the year was 5.3 percent smaller than a year earlier.

The most striking thing about the first half trend of imports was a 14 percent decline from a year earlier in crude and unrefined oil, which accounts for one-third of the total imports. Exclusive of crude oil, imports during the period were almost unchanged from a year earlier.

Production cutbacks  
In the midst of slowdown of exports and absence of stirrings of domestic demand recovery, industrial production is extremely sluggish in Japan. Mining and manufacturing production in May dropped 1.7 percent from the prior month in a continuous month-to-month decline since last November, with the exception of March. The month's production index stood at only 1.3 percent above a year earlier. In the meantime, the producers' finished goods inventory ratio climbed to 93.4 in May, the highest since November 1975.

The operating rate index for the manufacturing industry dipped to 109.9, marking the first time in three years and 11 months that the rate went below 110.

As for the trends of shipment and producers' finished goods inventories in the past half year, the following patterns are discerned:

1) A rise in "unintended" inventories, resulting from a decrease in shipment that outpaced production cutbacks — steels, general machinery, electrical machinery, chemicals, and textiles.

2) A decline in inventories arising from sharp production cutbacks more than offsetting decrease in shipment — oil and coal products, lumber and wood products, and transportation machinery (in the past one or two months).

3) A decline in inventories under the dual impact of decreased production and increased shipment — metal products, food and tobacco.

4) An increase in inventories due to a rise in production outpacing a rise in shipment — precision machinery.

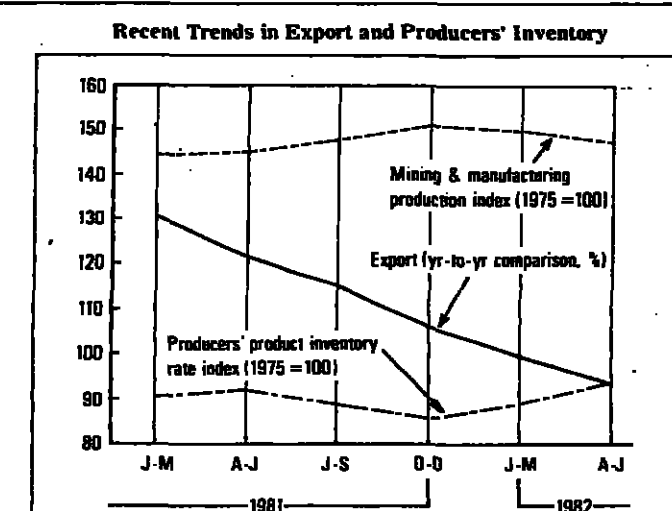
5) No major changes in shipment and inventories — non-ferrous metals, pulp and paper.

One notable tendency is that more industries belong to the first group than to any other. In these areas, where inventory adjustment will continue in the months ahead, exports account for a significant proportion.

Recovery of personal consumption  
Business capital investment generally is continuing sluggish, with the exception of the semiconductor industry where plans for capital outlays are being revised upward.

As factors for the weakness in capital investment are cited: 1) low operating rate of production facilities; 2) gloomy outlook for corporate earnings; 3) high opportunity cost for capital investment owing to high interest rates; and 4) uncertainties over future outlook of business.

Orders for machinery, a



leading indicator of capital investment, rose in May 40.8 percent from April, but the average for April and May was only 4.5 percent over that for January through March, basically indicating a zigzag trend.

Housing investment continued depressed. Housing starts in May were 22 percent less than in the corresponding month of last year.

By contrast, some encouraging signs have emerged in the outlook of personal consumption. Sales at big retail outlets in May rose 7.1 percent from a year earlier, while new car registrations in June were up 17 percent from the like 1981 month. According to the Prime Minister's Office's survey, consumption expenditures by households of all categories registered an inflation-adjusted increase of 3.9 percent in May over a year earlier. Household consumption registered an average 2.5 percent increase during January through May over a year earlier.

Stable trend of prices  
Wholesale prices are showing remarkable stability. Their advance in June was a marginal 0.2 percent from May and 1.1 percent from a year earlier. Although basic and raw materials marked a gain of 2 percent from May because of the weakening of the yen, intermediate products registered a continuous decline of 0.4 percent and finished products also declined 0.1 percent.

Consumer prices are equally stable. Their level in June in the 23 wards of Tokyo was 0.1 percent higher than in May and 2.5 percent higher than a year earlier.

Policy dilemma  
Tax revenues in fiscal 1981, ended last March 31, turned out to be a massive ¥2,880 billion short of the budget after the supplementation toward the end of last year. The largest shortfall in history of the Japanese Treasury occurred as a result of far smaller receipts of corporate, income and commodity taxes than anticipated.

As for fiscal 1982, revenues are expected to fall short of the budget by close to ¥6 trillion now that the Government's projection of a 3.2 percent real growth of the economy is almost impossible to achieve.

Such a prospect leads to a fear of a massive amount of additional bond issues and that already has sharply pushed up the yield on government bonds on the secondary market. As of July 22, the yield on the 7.7-percent interest-bearing bonds shot up to 8.59 percent.

This compared with a yield of 7.81 percent on new issues with a coupon rate of 7.5 percent. As a result, the syndicate of underwriters of Government bonds refused to underwrite issues scheduled for July, forcing the Government to give them up in the month. This means that terms of issues scheduled for August cannot be revised, and the long-term prime lending rate of commercial banks will also be raised as a consequence.

In view of the necessity to shore up business, the Government will be inclined to get around a discount rate raise, but indications are that it is becoming impossible to limit interest rate increases to a range that can leave the discount rate unaffected.

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The next DKB monthly report will appear Sept. 28.

Gold Markets Aug. 25

	A.M.	P.M.	C/Spe
Hong Kong	401.25	399.50	-1.75
Paris (125 Yfr)	323.80	323.24	-0.56
Zurich	400.80	399.20	-1.60
London	323.80	323.24	-0.56
New York	401.25	399.50	-1.75
Gold futures (Sept)	401.25	399.50	-1.75
Gold futures (Oct)	401.25	399.50	-1.75
Gold futures (Nov)	401.25	399.50	-1.75
Gold futures (Dec)	401.25	399.50	-1.75
Gold futures (Jan)	401.25	399.50	-1.75
Gold futures (Feb)	401.25	399.50	-1.75
Gold futures (Mar)	401.25	399.50	-1.75
Gold futures (Apr)	401.25	399.50	-1.75
Gold futures (May)	401.25	399.50	-1.75
Gold futures (Jun)	401.25	399.50	-1.75
Gold futures (Jul)	401.25	399.50	-1.75
Gold futures (Aug)	401.25	399.50	-1.75
Gold futures (Sep)	401.25	399.50	-1.75
Gold futures (Oct)	401.25	399.50	-1.75
Gold futures (Nov)	401.25	399.50	-1.75
Gold futures (Dec)	401.25	399.50	-1.75
Gold futures (Jan)	401.25	399.50	-1.75
Gold futures (Feb)	401.25	399.50	-1.75
Gold futures (Mar)	401.25	399.50	-1.75
Gold futures (Apr)	401.25	399.50	-1.75
Gold futures (May)	401.25	399.50	-1.75
Gold futures (Jun)	401.25	399.50	-1.75
Gold futures (Jul)	401.25	399.50	-1.75
Gold futures (Aug)	401.25	399.50	-1.75
Gold futures (Sep)	401.25	399.50	-1.75
Gold futures (Oct)	401.25	399.50	-1.75
Gold futures (Nov)	401.25	399.50	-1.75
Gold futures (Dec)	401.25	399.50	-1.75
Gold futures (Jan)	401.25	399.50	-1.75
Gold futures (Feb)	401.25	399.50	-1.75
Gold futures (Mar)	401.25	399.50	-1.75
Gold futures (Apr)	401.25	399.50	-1.75
Gold futures (May)	401.25	399.50	-1.75
Gold futures (Jun)	401.25	399.50	-1.75



Tables include the nationwide prices up to the closing on Wall Street.

	Open	High	Low	Settle	Change
5 FRENCH FRANC	100.00	100.00	100.00	100.00	100.00

Abbr Lab	Echlinhc	Payless Csh n
AMD	EOS	Penna PwLj
AlcPw 15.48rf	EmpDE pfB	PaPL 4.50pf
AlcP 2.46rf	EmhCnA	PaPL 4.50pf

AlberGris	EmlyCo prb	PaPL 2,750pr
Algal 2,19pf	Exxon	PaPL 2,400pr
Alleg Pw	Fabri Cntrs	PaPL 2,700pr
Allied Mole	FluCoAm s	PhEI 4,30pf
AmAir 2,18pf	Fst Chem	PhEI 17,12pf
AmBrd 2,75pf	Fleetw Ent	PhEI 7,800pf
AmBus Pds	Fleming Co	PortGen EI
AmFamily	FordMot	PortG 2,60pf

AndroDvs	GbrtFin	PSNH 2.75pf
AppPw 7.40pf	GIATPoc	PSEG 2.17pf
Aspd DGds	GrWnFin	PSEG 7.40pf

[illegible]

**Singapore Yard**

## Gets Soviet Deal

**Repairs**

**SINGAPORE** — Singapore's state-owned Keppel Shipyard said Wednesday that it had concluded a multi-million-dollar deal with a Soviet company that would provide a boost to the depressed ship-repair market here.

The agreement is for repairing and converting two Soviet vessels at an estimated cost of 110 million Singapore dollars (\$51.2 million), a shipyard spokesman said.

Under the contract with the Soviet Sudoinport Trading Agency, the Keppel Shipyard would convert the *Vladivostok* and the *Dal'naya Vostochnaya* into advanced fish factory ships. The work is expected to be completed in 10 months.

## OECD Sees Easing Of Inflation

next year, the Organization for Economic Cooperation and Development

In its annual review of the Irish economy, it said the rate compared with a forecast 17 1/2 percent for this year and 20 percent last year. A more moderate trend for prices in the first half of 1982 owes much to lower inflationary pressures from abroad, the OEC said. However, it may also reflect a lower rate of wage increases in Ireland.

[illegible]











## SPORTS

## NHL Case a Warning to All Sports' Free Swingers

By George Vecsey  
New York Times Staff Writer

NEW YORK — A jury in Detroit made a decision last week that might make a lot of athletes stop and think before they uncork the next baseball or throw the next elbow.

The jury awarded damages of \$850,000 to Dennis Polonich, for-

merly of the Detroit Red Wings, whose nose was broken by the hockey stick of Wilf Paiement, then of the Colorado Rockies, on Oct. 25, 1978. The decision, in U.S. District Court in Detroit, marks the first civil penalty ever levied against a hockey player for violence on the ice.

The most sobering part of the judgment is that the insurance coverage of the Rockies — now the New Jersey Devils — may provide only \$500,000, and that if the appeal should fail, Paiement could therefore be personally liable for \$350,000.

The message has already struck home to hockey players who will soon be facing up to their skates for another season. Don Lever, the captain of the Devils, says: "We've got to think about it. It will definitely cut down on stick swinging, and we don't even know if we'd be covered if we got into a fistfight."

"It's got to affect every sport," Alan Engelson, executive director of the National Hockey League Players Association, says. "The insurance policies can exclude from coverage certain conduct that goes beyond the game's aggressiveness. Says Bill Watters, Paiement's agent: "You can't buy personal liability insurance for an athlete. There is not adequate coverage for an athlete. It's going to change the game."

The Rockies, Paiement's employers in 1978, had a policy with the Commercial Union Insurance Co. that provided \$500,000 for each incident leading to injury.

When Polonich sued Paiement, a mediation panel in Michigan's Wayne County recommended a settlement of \$85,000. Polonich agreed to accept, but the insurance company countered with an offer of \$50,000. Bruce Franklin, who represents Commercial Union but also represented Paiement in the trial, says: "The company felt Paiement's version that he was acting in self-defense was valid. And we felt \$85,000 was a lot of money for a broken nose."

The five-woman, one-man jury in Detroit ultimately awarded \$500,000 for "pain and suffering" and \$350,000 more in punitive damages. Polonich compared the award to winning a lottery.

What It Takes  
"Polonich only missed about 20 games," Franklin says, "and after that season he signed the best contract of his career. We feel the jury showed a total lack of responsibility, and I'm recommending that we ask the judge to reduce the award."

Brian Smith, the attorney for Polonich, says: "We're proud of the decision. Dennis still has to undergo corrective surgery, and he played in pain all that season."

"It will take a decision like this to make the league and the players association do something about violence."

There have been at least two civil cases involving other instances of sports violence in recent years. Rudy Tomjanovich of the NBA's Houston Rockets won \$3.3 million from the Los Angeles Lakers after the Lakers' Kermit Washington had disfigured Tomjanovich's face in a fight on the basketball court.

And Henry Boucha of the Minnesota North Stars, who needed surgery after an on-ice fight with Dave Forbes of the Boston Bruins, filed a \$3.5-million suit against Forbes, the Bruins and the NHL. The suit was ultimately settled out of court, and criminal charges against Forbes in Minnesota, where the game had been played, ended in a hung jury.

This time one athlete has sued another athlete in court, and won at least the first round.

"Obviously, you can't take a gun out on the football field and shoot somebody," says Franklin. "But how much is a player liable for an infraction of a league rule?"

Watters, Paiement's agent, says that on the night of Oct. 25, 1978, Paiement was representing the Rockies "within the confines of the league and the employer's requirements."

But the Rockies' ownership has since been transferred from a trucking company to Peter Gilbert and then to new management in New Jersey.

"It's devastating for Wilf," Watters says. "He says they're not going to take money from his family. He's in shock. It's a settlement nobody expected." Paiement has argued that before Polonich was injured, he intentionally struck Paiement with his stick in the follow-through of a slap shot.

The judge ruled out any reference to past performances of either player. Polonich averaged 3.2 minutes of penalties per game from 1975 through 1981. He currently plays for a minor league team.

"By the Sword"  
"Polonich lived by the sword," says the Devils' Lever. "He was one of the worst stick men in the league, a tough little guy, a backstabber. It was probably a split-second reaction by Paiement. But it was definitely a vicious thing."

Says John Tonelli of the Islanders, who made himself an all-star by his willingness to dig in the corners: "It's all right to drop your gloves and fight, but I don't believe in using your stick as a weapon. Maybe it's because I've never been hit high with a stick, but I don't see this decision as having any relation to a lot of players."

The league suspended Paiement for 15 games and fined him \$500 at the time. It has formed a panel to study tougher penalties, and should make sure those codes are in force this season. But the league should also clarify the insurance coverage of athletes it expects to go out and play on the border of violence.

"If I were a professional athlete," says lawyer Franklin, "I wouldn't go out and play unless I knew I was completely covered."

They have the full capacity to assure the safety of the Games. We are not worried about that, not at all."

Two of the most criticized aspects of the Olympics, the poor air quality of the Los Angeles area during the summer and the enormous distances between sites of the events, were of some concern to Zhenliang, but he said China's athletes would adjust.

"Things are very spread out," he said, "and that could cause some problems for our athletes. But we'll plan our time well."

"The smog could also be a factor. We have learned much about your smog in our short stay here. But if athletes from other countries can compete in the smog, athletes from the People's Republic can also compete."

High Expectations  
The Chinese have emerged as powerful competitors in international sports in recent years, including diving and gymnastics. Zhenliang said he expects Chinese athletes to win several medals.

"We look forward to good results from our men and women," he said. "We have many fine athletes in diving, volleyball, shooting, weightlifting, gymnastics and some track events."

"We are keen to win some medals, but we come here to compete, not only to win."

Peter Ueberroth, president of the Los Angeles Olympic Organizing Committee, accompanied the Chinese representatives on their tour and said the addition of China would be a "big plus for Los Angeles and for the Olympics."

"No country has been more cooperative in preparing for the Olympics than the People's Republic," Ueberroth said. "And they're doing it out of a sincere sportsman's attitude. We're very happy to have them participating."

## Chinese Are Optimistic On '84 Olympic Games

United Press International  
LOS ANGELES — China, preparing for its first Olympic appearance, expects few politically related problems at the 1984 Games, according to that country's chief sports official.

China will send an estimated 300 athletes to the 1984 Games in Los Angeles, putting it among the 10 largest teams. They are expected to compete in a dozen sports, including volleyball, basketball, soccer, gymnastics, fencing, track and field, weightlifting, tennis, badminton, rowing, archery, cycling and swimming and diving.

He Zhenliang, assistant secretary general of the Chinese Olympic Committee and his nation's representative to the International Olympic Committee, spent eight hours Tuesday viewing 10 different Southern California locations, from the site of the Olympic rowing events at Lake Castitas in Ventura County to the pentathlon site at Mission Viejo in Orange County, 90 miles to the south.

The People's Republic of China was formed in 1949 when the Communists captured the mainland and drove the nationalists to Taiwan. A delegation of Communist Chinese athletes was sent to the 1952 Games in Helsinki but did not compete because of travel delays and other problems.

Zhenliang, who was accompanied on his tour by Tu Mingde, another Chinese sports official, said he anticipates no problems, such as demonstrations or acts of violence, from Taiwan supporters during the Games.

"Everyone lives in such a world today where you can't escape some political problems, but if everyone comes to the Olympic Games in the spirit of friendship and sports and there should be no problems."

"We will rely on our friends in the United States for protection."

They have the full capacity to assure the safety of the Games. We are not worried about that, not at all."

Two of the most criticized aspects of the Olympics, the poor air quality of the Los Angeles area during the summer and the enormous distances between sites of the events, were of some concern to Zhenliang, but he said China's athletes would adjust.

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